The China Weekly

REVIEW

密勒氏評論報

A Weekly Newspaper Established in 1917

Critical Domestic, External Situation Following Kuomintang Conference

ARTICLES IN THIS ISSUE

The Unfavorable Outlook Is Civil War Inevitable?

Why Forty-Nine Nations Bar Japanese Goods

Consular Body Nullifies Shanghai Factory Agreement

C.E.C. Session Deposes Chen Chi-tang and Abolishes Two Southwest Organs; Liang-Kwang May Fight

Japanese Civilian Murdered in Same District Where Nakayama Was Killed Last November

Kaspe Case Appealed to Japanese Judges in Harbin High Court *(By the Review's Harbin Correspondent)*

Is South China Anxious for Peace? *(By the Review's South China Correspondent)*

Why Not Hold a Plebiscite to Decide Nanking-Canton Embroilment? . . . . . By C. Y. W. Meng

Rapid Increase in "East-West" Marriages—Some Expert Advice and Comment . . . . . By Earl H. Leaf

Scanning the Chinese Political Horizon . . . By Hubert S. Liang

Japanese War Office Diplomacy . . . . . By Chang Ping-chun

The Family and Population in the U.S.S.R. . . By R. M. Macgregor

SATURDAY, JULY 18, 1936 VOLUME 77, NUMBER

FORTY CENTS A COPY

77-251

CHINESE RAILWAYS

TIENTSIN-PUKOW RAILWAY.

Tientsin Pukow Fast No. 21	Peiping Pukow Through Express No. 305	Peiping Shanghai Through Express No. 301		STATIONS.		Shanghai Peiping Through Express No. 302	Pukow Peiping Through Express No. 306	Pukow Tientsin Fast No. 22
		7.45	a.	Shanghai North	d.	16.00		
		24.00	d.	Nanking	d.	23.15		
16.40	6.45	21.15	d.	Pukow ..	d.	1.40	16.20	9.45
15.14	5.32	19.36	d.	Chu Chow .	d.	3.05	17.42	11.20
11.23	1.43	16.19	d.	Peng Pu	d.	6.38	21.15	15.18
6.44	20.21	12.11	d.	Hsu Chow Fu	d.	11.05	1.39	20.18
4.25	18.04	10.10	d.	Lin Cheng	d.	13.05	3.31	22.22
1.41	15.31	7.50	d.	Yen Chow Fu	d.	15.47	6.09	1.28
1.01	14.42	7.14	d.	Chu Fou	d.	16.14	6.35	1.55
23.07	12.51	5.43	d.	Tai An Fu .	d.	18.15	8.38	4.02
20.37	10.31	3.33	d.	Tsi Nan Fu	d.	20.45	10.59	6.44
16.58	6.49	0.20	d.	Te Chow	d.	0.25	14.04	10.15
13.22	3.18	21.39	d.	Tsang Chow .	d.	3.29	16.46	13.30
9.30	23.30	18.40	d.	Tientsin Central	d.	6.55	20.05	17.15
9.00	23.00	18.20	d.	Tientsin East	d.	7.35	20.45	17.25
	20.00	13.35	d.	P'ping (Chien Men)	a.	10.00	23.15	

PEIPING-HANKOW RAILWAY.

Express No. 1	STATIONS.		Express No. 2
22.20	a. H'kow, Tachimen	d.	9.30
22.10	d. H'kow, Kiangan	d.	9.42
20.25	d. Siaokan	d.	11.39
19.15	d. Hwayuan	d.	12.37
18.00	d. Kwangshui	d.	14.10
16.53	d. Sintien	d.	15.14
15.35	d. Sinyangchow	d.	16.35
12.28	d. Chumatien	d.	19.53
10.05	d. Yencheng	d.	21.55
8.32	d. Hsuchow	d.	23.33
5.55	d. Chengchow	d.	2.11
3.22	d. Sinsiang	d.	4.44
0.37	d. Changtehfu	d.	7.43
22.33	d. Hantan	d.	9.17
21.18	d. Shuntehfu	d.	10.45
18.08	d. Shihkiachwang	d.	13.58
15.55	d. Tingchow	d.	16.01
14.20	d. Paotingfu	d.	17.40
12.40	d. Kaopeitien	d.	19.15
11.04	d. Changsintien	d.	20.51
10.20	d. P'g—(Chienmen)	d.	21.25

PEIPING-SUIYUAN RAILWAY.

Express No. 303	STATIONS		Express No. 304
17.00	d. P'g—(Chienmen)	a.	7.57
17.52	d. P'g—(Hsichimen)	d.	7.10
19.15	d. Nankow	d.	5.56
0.37	d. Kalgan	d.	0.33
5.51	d. Tatung	d.	19.18
9.15	d. Pingtichuen	d.	16.05
14.20	d. Suiyuan	d.	10.56
17.51	a. Paotao	d.	7.15

LUNGHAI RAILWAY.

Express No. 1	STATIONS		Express No. 2
12.40	d. Hsuchowfu	a.	7.10
17.18	d. Shankiuhsien	d.	3.02
21.36	d. Kaifeng	d.	22.59
23.47	d. Chengchow South	d.	20.50
3.51	d. Loyang East	d.	16.35
9.20	d. Shanchow . . .	d.	10.30
12.53	d. Tungkwan	d.	6.36
17.55	a. Sian	d.	0.30

CHENGTAI RAILWAY.

Ordinary No. 3	Express No. 1	STATIONS		Express No. 2	Ordinary No. 4
8.03	11.27	d. Shichiachwang	a.	19.42	16.03
10.04	12.58	d. Tsinhsinghsien	d.	18.16	14.24
12.48	15.30	d. Yangchuan	d.	16.15	12.08
14.46	17.25	d. Shouyanghsien	d.	14.50	10.42
16.37	19.06	d. Yuchihsien .	d.	12.49	8.30
17.18	19.38	a. Taiyuanfu	d.	12.13	7.45

SHANGHAI-HANGCHOW-NINGPO RAILWAY.

Express R. Zku-Nkg. Through	Express R.	STATIONS		Express R.	Through Nkg-Zku. Express R.
12.45	22.00	SHANGHAI, N	d.	8.35	15.00
12.32	21.47	SHANGHAI, W.	d.	8.51	15.16
—	21.55	SHANGHAI, S	d.	8.40	—
11.50	20.57	SUNGKIANG .	d.	9.41	16.01
—	20.13	KASHAI .	d.	10.23	—
10.47	19.50	KASHING	d.	10.49	17.03
10.13	19.16	YEHZAH	d.	11.20	17.34
9.45	18.48	CHANGAN	d.	11.51	18.05
8.55	17.50	HANGCHOW	d.	12.45	19.00
8.30	17.25	ZAHKOU	a.	13.05	19.15

NANKING-SHANGHAI LINE.

STATIONS UP		EXP. R.	THRO. EXP. Zku-Nkg. R.	S'hai, P'ping Thro. Exp. R. S. No. 302	Night EXP. R. S.
SHANGHAI, N	d.	7.55	13.20	16.00	23.00
KUNSHAN	d.	8.52	—	—	—
SOOCHOW	d.	9.34	14.53	17.59	1.05
WUSIH	d.	10.21	15.40	18.51	2.05
CHANGCHOW	d.	11.06	16.26	19.47	3.04
TANYANG	d.	11.54	17.13	20.40	4.17
CHINKIANG	d.	12.35	17.50	21.26	5.08
NANKING	a.	14.00	19.15	22.50	7.00

STATIONS DOWN		Thro. EXP. R. Nkg-Zku	Express Nkg-Shn	Night EXP. R. S.	P'ping S'hai Thro Exp. R.S. No. 301
NANKING	d.	8.20	17.00	23.00	24.00
CHINKIANG	d.	9.41	18.25	0.57	1.48
TANYANG	d.	10.20	19.01	1.48	2.35
CHANGCHOW	d.	11.08	19.49	2.58	3.40
WUSIH	d.	11.53	20.34	3.56	4.38
SOOCHOW	d.	12.42	21.22	4.58	5.41
KUNSHAN	d.	—	—	5.48	—
SHANGHAI, N	a.	14.15	22.50	7.00	7.40

KIANGNAN RAILWAY.

Ordinary No. 71	Ordinary No. 73	STATIONS		Ordinary No. 72	Ordinary No. 74
8.10	15.00	d. Nanking (Chungwamen)	a.	13.50	20.35
8.40	15.29	d. Panchiao	d.	13.22	20.07
8.59	15.47	d. Kiangningchen	d.	13.04	19.49
9.20	16.07	d. Tungching	d.	12.41	19.29
9.39	16.23	d. Tzuhu	d.	12.25	19.09
9.49	16.32	d. Mooanshan	d.	12.16	18.57
10.09	16.49	d. Tsaishih	d.	12.00	18.40
10.38	17.14	d. Tangtu	d.	11.36	18.15
11.09	17.42	d. Dachiao	d.	11.07	17.43
12.00	18.30	d. Wuhu Ferry	d.	10.35	17.10
12.13	18.44	d. Wuhu East Gate	d.	10.05	16.43
12.26	18.57	d. Cartzekou	d.	9.48	16.28
12.41	19.13	d. Chusukong	d.	9.32	16.13
12.59	19.31	d. Miukiachwang	d.	9.11	15.55
13.22	19.54	d. Wanchih	d.	8.48	15.33
13.45	20.17	d. Siaokan	d.	8.19	15.08
13.59	20.31	d. Chiaotouwangka	d.	8.05	14.54
14.30	20.58	d. Suancheng	d.	7.38	14.27
14.43	21.08	d. Suancheng East	d.	7.26	14.06
15.05	21.30	a. Sunkapu	d.	7.00	13.40

KIAOTSI RAILWAY.

Express No. 1	Fast No. 11	STATIONS		Express No. 2	Fast No. 12
22.00	13.30	d. Tsingtao	a.	8.00	22.40
23.59	15.12	d. Kiaochow	d.	6.09	21.04
0.40	15.51	d. Kaomi	d.	5.34	20.31
2.24	17.31	d. Fangtzu	d.	3.57	18.57
2.49	17.53	d. Weihsien	d.	3.19	18.24
4.09	19.06	d. Tsingchow	d.	1.59	17.10
5.50	20.42	d. Choutsun	d.	0.20	15.32
8.00	22.35	a. Tsinanfu	d.	22.10	13.40

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China Weekly Review

160 Avenue Edward VII,
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July 15, 1936

Stock Exchange— Business Done:-
Total Volume: 1,660,000 Shares

1936 High	1936 Low	Div. $ per sh.	STOCKS	Last Sale July 13	Last Sale July 14
13⅞	9⅝	0.10	Adams Express	12½	12⅝
135⅛	115¾	4.00	American Can	135½	136⅞
40¾	29¼	0.60	Amer. Cyanamid "B"	33⅞	33⅜
9¾	6½	—	American & For. Power	8	8⅛
43	29¾	—	American & Foreign Pwr. $7 pfd.	40½	41
27⅜	18¾	—	American Radiator	20¾	20⅞
178	149½	.00	American Tel. & Tel.	169¼	172⅝
104	88½	5.00	American Tobacco "B"	101¾	101½
25¼	19⅛	—	American Waterworks	24⅞	26
39¾	28	0.25	Anaconda Copper	36⅜	37⅛
86⅝	59	2.00	Atchison, T. & S. Fe	80¼	81⅞
54¼	27	—	Auburn	30	30½
24¼	15⅞	—	Baltimore & Ohio	19¾	20⅛
63¾	45¾	—	Bethlehem Steel	51	52⅜
26½	16⅞	—	Boeing Airplane Co.,	22⅝	22¾
16	10⅞	—	Canadian Pacific Railway	12⅞	—
183½	92½	—	Case, J. I.	168½	170
47⅞	34	1.40	Chase National Bank	47	48¼
79⅝	59	3.00	Chesapeake Corp.	79⅝	79¾
66⅞	51	2.80	Chesapeake & Ohio	66⅞	67½
115⅛	85½	4.00	Chrysler	114½	116½
21⅝	14	0.40	Columbia Gas & Electric	20⅝	21
24⅝	14¼	0.60	Coml. Solvents	16⅛	15⅞
5½	2¼	—	Commonwealth & Southern (ord.)	3⅛	3⅛
41¼	27¼	1.00	Consolinated Edison	40⅛	41¼
15¼	11⅛	0.25	Consolidated Oil	13⅜	13¼
38½	28⅛	▪ 87½	Continental Oil	32¾	33¼
82	68½	3.00	Corn Products	74½	74
75¾	50⅝	0.75	Douglas Aircraft	68⅞	68⅝
158	133	3.60	Du Pont de Nemours	158	159⅞
25½	15⅜	—	Electric Bond & Share	24¼	24⅞
41⅞	34½	1.00	General Electric	39⅞	40⅜
43	33⅜	1.80	General Foods	41¼	41¼
71	53⅞	2.00	General Motors	69½	70⅛
50	32½	1.00	General Railway Signal	34⅞	38
21⅜	12⅞	0.60	Gold Dust	14	13⅞
31⅞	21¾	—	Goodyear Tire & Rubber	23⅛	23⅝
76½	57¼	1.00	Humble Oil	65	65¾
54¼	43¼	1.00	Internation Nickel	50⅛	50⅝
19¼	12	—	International Tel. & Tel.	14⅞	15
41⅝	28¼	1.00	Kennecott	40⅜	41¼
54⅞	43	2.00	Loew's Inc.	52⅜	52½
26½	21⅛	1.20	Lorillard	23½	23½
103	80¾	1.00	Monsanto Chmical	97	96⅝
45¾	35¾	0.20	Montgomery Ward	44¾	44¾
41⅞	31	1.00	National City Bank	40⅝	41⅜
28¼	21	1.20	National Dairy Prods.	27⅞	28
33⅜	26¼	2.00	National Distillers	27¾	27¼
14⅞	9¾	0.60	National Power Lt.	12¾	12⅞
42¼	27⅝	0.10	New York Central	38⅝	39½
32⅛	23⅛	1.00	North American	31⅞	33⅜
39⅞	30⅞	1.50	Pacific Gas & Electric	39⅞	40¼
56⅞	47⅜	2.40	Pacific Lighting	56⅛	56¾
13	6⅞	0.10	Packard Motors	11	11
39	28¼	1.00	Pennsylvania Railroad	34⅝	34¾
49⅜	38⅛	1.00	Phillips Petroleum	44⅝	44⅝
48¾	39	2.40	Public Serv. of N. J.	47½	47½
14¼	9¾	—	Radio Corporation of Amer.	12	12⅛
58⅝	50	3.00	Reynolds Tobacco "B"	55⅝	56½
52	38¾	—	Schenley	40⅝	39⅜
77⅝	59⅝	2.00	Sears Roebuck	77⅝	78¼
17	12½	0.40	Socony-Vacuum	14	14⅛
30¼	25	1.50	Southern California Edison	29¾	30⅝
38⅞	23½	—	Southern Pacific	35¾	36⅛
18	14⅜	0.80	Standard Brands	15⅞	15⅞
9⅞	5⅛	—	Standard Gas & Electric	8¼	8¼
70	51⅛	1.00	Standard Oil Co. of N. J.	61⅞	62⅝
72	65	3.80	Sterling Products	72	72
38¾	33	2.00	Texas Gulf Sulphur	35	34⅞
14¾	11	0.30	Transamerica	14	13¾
94½	71⅝	2.00	Union Caride & Carbon	94½	95⅞
138¼	108⅛	6.00	Union Pacific	128½	129½
32⅝	20⅝	—	United Aircraft (New)	24⅛	25⅝
21	13	—	United Airline Trans.	18½	19
9¼	5⅜	—	United Corporation	7⅞	8
19½	14⅜	1.00	United Gas Improvement	16¾	16⅞
59	33⅞	2.00	U.S. Indus. Alcohol	34¾	34⅞
35	16⅜	—	U. S Rubber	29	28⅝
72⅜	46⅜	—	U. S. Steel	61	62½
27¼	16¼	—	Vanadium	18	19½
14⅝	9¼	—	Warner Bros. Pictures	11½	11⅜
129⅜	94½	1.75	Westinghouse Electric	129⅜	131

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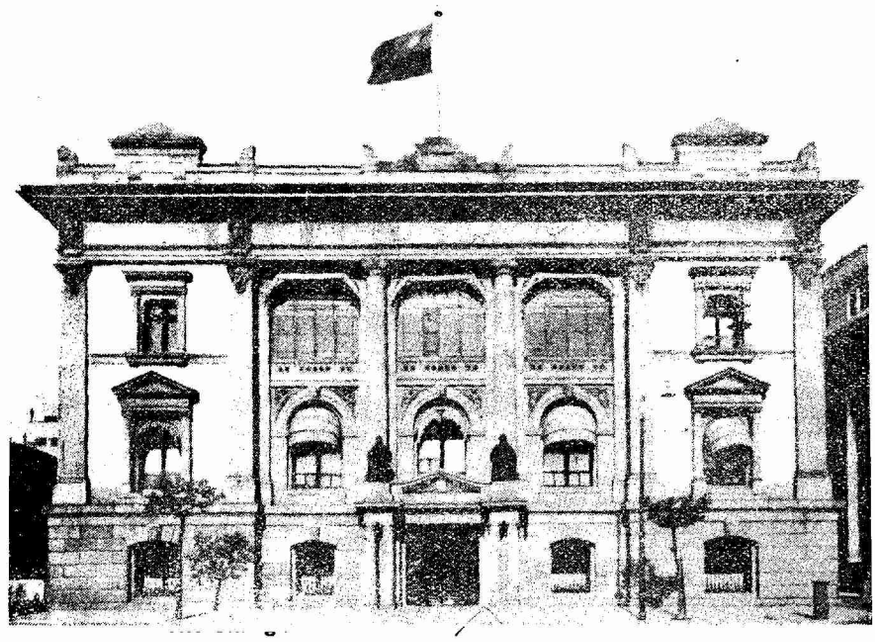

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Contents

Editorial Paragraphs

The Unfavorable Outlook—Is Civil War Inevitable? 227
Why Forty-Nine Nations Bar Japanese Goods ... 228
Consular Body Nullifies Shanghai Factory Agreement 230
Scanning the Chinese Political Horizon ..... By Hubert S. Liang 231

Special Articles

Rapid Increase in "East-West" Marriages—Some Expert Advice and Comment...By Earl H. Leaf 233
C.E.C. Session Deposes Chen Cht-tang and Abolishes Two Southwest Organs; Liang-Kwang May Fight 235
Japanese War Office Diplomacy ..... By Chang Ping-chun 243
Japanese Civilian Murdered in Same District Where Nakayama Was Killed Last November... 244
Kaspe Case Appealed to Japanese Judges in Harbin High Court 246
Why Not Hold a Plebiscite to Decide Nanking-Canton Embroilment?.....By C. Y. W. Meng 248
The Family and Population in the U.S.S.R..... By R. M. Macgregor 254
Who's Who in China 259
Men and Events 260
New Books of Interest in the Far East..... 262
Is South China Anxious for Peace? 264

CONTENTS OF PREVIOUS ISSUES OF THE CHINA WEEKLY REVIEW MAY BE FOUND IN THE "INTERNATIONAL INDEX TO PERIODICALS," COPIES OF WHICH ARE ON FILE IN MOST STANDARD LIBRARIES.

COMMUNICATIONS PERTAINING TO SUBSCRIPTIONS OR ADVERTISING IN CHINA OR ABROAD SHOULD BE ADDRESSED TO THE CHINA WEEKLY REVIEW AT 160 AVENUE EDWARD VII, SHANGHAI, CHINA, TELEPHONE 14741. CABLE ADDRESS "REVIEWING SHANGHAI."

THE UNFAVORABLE OUTLOOK—IS CIVIL WAR INEVITABLE?

FOREIGN newspaper correspondents whose duty it is to report political developments in this country to newspaper readers in other lands, were called upon to exercise considerable ingenuity this week in trying to describe how a military movement which started out from Canton six weeks ago as a drive against Japanese aggression had suddenly degenerated into domestic civil strife. Hundreds of newspapers in the United States, sympathetically impressed by Canton's original pronouncements a month ago, printed editorials and big headlines indicating that China had at last decided to resist. But now the anti-climax and necessity of explaining that before there can be resistance there must be more civil warfare in order that domestic unity may be achieved first. One can but sympathize with the newspaper reader abroad who seriously tries to follow Chinese and Far Eastern political developments based upon daily newspaper dispatches, which, due to high cable costs and newspaper space requirements, must necessarily be brief.

Elsewhere in these columns appears an article by Prof. Hubert S. Liang (Liang Shih-shun), who, through long residence and experience in Peiping is probably more familiar with conditions in that area than most persons. Prof. Liang seriously tries to interpret for readers of *The Review*, in China and abroad, the real feelings of the serious-minded, thinking Chinese regarding the present crisis,—domestic and external. It is our fervent hope that Prof. Liang's article in this week's issue and others which he plans to write may contribute toward a clarification of thought on issues which appear baffling to many Chinese readers and impossible of comprehension to most foreigners.

It is too early to speculate upon the outcome of the Kuomintang meeting just closed in Nanking, but Gen. Chiang's reference to Abyssinia must have produced serious thought because there is no questioning Japan's ambition to accomplish here what Italy's airbombers and poison gas accom-

plished in the last remaining independent state in Africa. Thousands of patriotic Chinese must be wondering whether a similar disaster awaits them and their country. One wonders whether the time will come when Imperial Japan will declare as Mussolini recently did with respect to Ethiopia:

> ".....the grand council of fascism having considered it; the council of ministers having heard it; on proposal of the head of the Government, the Prime Minister, the Secretary of State, we have decreed and we decree:
>
> The territory and people which appertain to the Empire of Ethiopia are hereby placed under full and complete sovereignty of the Kingdom of Italy.
>
> The title of Emperor of Ethiopia is assumed for himself and his successors by the King of Italy. ....."

But it is unfair, despite widespread Japanese propaganda to the contray, to compare present-day China with primitive uncivilized Ethiopia. For many years the Japanese have propagated the doctrine that China is not an organized state and that the Chinese people are not capable of self-government. The Chinese have the power to repudiate such slanderous declarations, but despite China's ancient civilization and heritage of culture, China will suffer an "Abyssinian" fate if the country's present-day leaders permit themselves to become involved in domestic strife. And particularly a type of domestic strife which would result in a wastage of men and resources, especially dearly-bought modern instruments of warfare intended for use against the foreign aggressor.

Heretofore there has been an almost inexplicable lack of interest in the drift of affairs on the part of the Chinese businessmen, bankers and propertied classes, those posssessing a real financial stake in the country. They failed to respond at the loss of Manchuria because it was far away and the enthusiasm with which they resisted Japanese aggression at Shanghai quickly passed when the Japanese withdrew. But there recently have been some developments which have jarred the businessmen, bankers and property-owners into activity: these developmens were Japanese smuggling and the present drive to control North China resources. Despite Japanese assurances that Japanese military domination and investments will bring prosperity, Chinese businessmen know there will be no room for Chinese participation in this Japanese continental empire, no more than there has been in Manchukuo where a population of more than 30,000,000 Chinese is oppressed and exploited and reduced to a miserable state of peonage. Latest reports from Japan tell of plans for raising a vast fund to finance mass Japanese migration to the Manchurian provinces —which means ultimately the dispossession of thousands of small Chinese land-holders who had built up a small stake in what they thought was a part of China's national domain.

Similar developments will follow shortly in North China and the Japanese Army has no intention of stopping at the Yellow River. The hordes of Japanese "investigators" now inspecting the North China terrain, the reports of the passing of Chinese cotton mills and other industries into Japanese control, the appointment to positions of responsibility of Chinese officials heretofore regarded as "national traitors" due to prior disloyal activities—all indicate the dangerous drift of events in the North.

Gen. Chiang Kai-shek is to be congratulated upon his courageous declaration that China will never sign any treaty detrimental to her territorial integrity and is prepared to make the supreme sacrifice in the event of any attempt being made to compel recognition of Manchukuo. He also is to be congratulated upon his decision to make the supreme sacrifice—"if and when every available political means has failed to balk aggressive designs on Chinese territory by a foreign nation."

A high Chinese official declared last week during the course of the Kuomintang Conference that China's patience was "80-percent exhausted." Since there is no disputing Japan's aggression in Manchuria and North China, it is to be assumed from Gen. Chiang's declaration that preparations are now afoot for making the "supreme sacrifice." Otherwise there would be no point to the decision not to sign any treaty detrimental to territorial integrity because no aggressor nation makes treaites with its victims of conquest; they merely issue declarations of future intention—proclamations of annexation—or as Japan did in the case of Manchukuo, issued a protocol confirming the status of the puppet state as a dependency of Imperial Nippon.

WHY FORTY-NINE NATIONS BAR JAPANESE GOODS

IN last week's issue of *The Review* there was an editorial reference to a conference in Tokyo of industrialists, bankers, shippers and high government officials to consider the question of Japan's precarious trade and diplomatic situation . It was brought out in the course of discussion that forty-nine nations over the world have taken action barring out some form of Japanese cheap goods. It was admitted that the depreciated exchange value of the Yen was no longer sufficient to insure continued prosperity for the Island Empire because the increasing cost of raw materials and competition were making Japan's great trade drive into foreign markets unprofitable. Figures showing the status of foreign trade since the first of the year indicated an adverse balance which will shortly reach the Yen 400,000,000 mark, worst record in a decade.

The increasing number of books and magazine articles dealing with Japan's industrial, trade and financial situation which are now appearing in Occidental countries indicates there is a growing realization of Japan's precarious situation. But

it has remained for a Japanese writer to provide the first real insight into the reasons for Japan's ability to undersell manufactured goods produced by workers of other nationalities. The article, containing an exhaustive survey of Japan's manufacturing output in 1934, in the June issue of *Toyo Keizai Shimpo*, Tokyo, was too long for reproduction here. But of outstanding interest was a table showing the hourly wage rate in ten leading industries:

Textiles	0.08-sen.
Metals	0.20 „
Machinery and Tools	0.20 „
Ceramics	0.14 „
Chemicals	0.14 „
Saw-mill and Wood Working	0.13 „
Printing and Binding	0.17 „
Food-stuffs	0.13 „
Gas and Electric	0.22 „
All Others	0.10 „
Average hourly wage in 10 leading industries	0.12 „

An explanatory note which accompanied the table stated that the highest average wage in Japan, 0.34-sen an hour, was paid in factories producing optical instruments while the lowest wage was paid in silk reeling mills, the rate here being 0.05-sen.

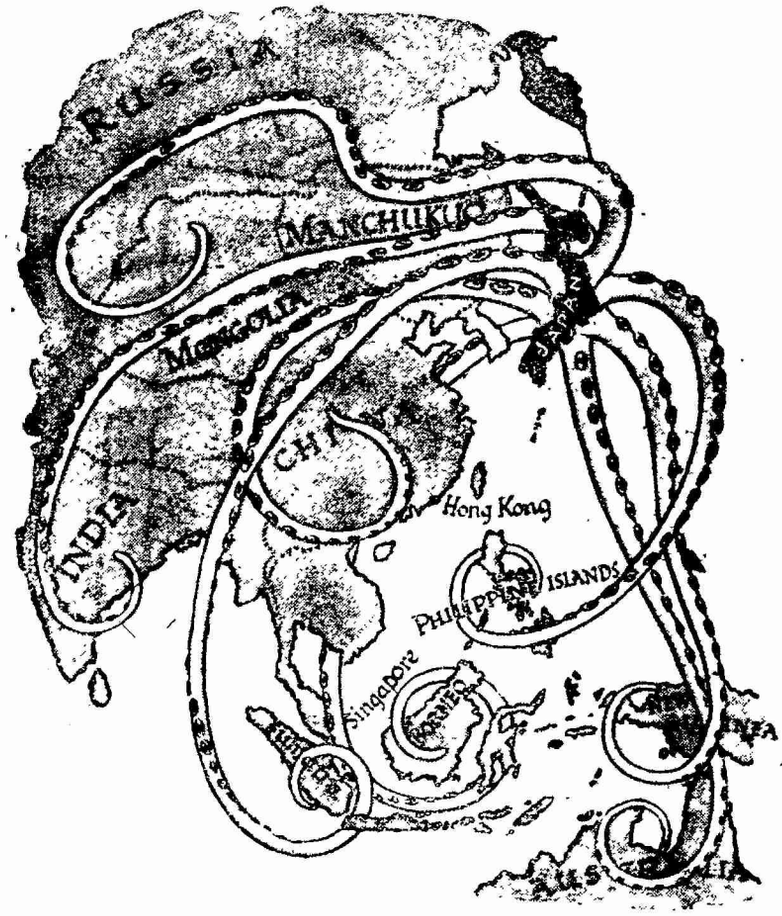
Since the average rate of the Japanese yen in international exchange is equivalent to about 30-cents in American money it means that a Japanese textile worker receives an average hourly wage equivalent to 2 2/3 cents (U. S.) an hour. This explains primarily why it has been possible for Japanese industrialists to undersell the labor-products of other lands; but the article in the Tokyo magazine contained further significant information. An analysis of the number of workers employed revealed that out of 2,163,000 employes at the end of 1934, there were 1,016,000 women or 47 percent of the total. Women workers completely dominated the textile industry, the number employed being 784,000 or 77.1 percent of the total.

The number of children, under 16 years of age, who were employed in the various industries at the end of 1934, was 216,000 or about 10 percent of the total. They also predominated in the textile industries, the number of children employed being 168,000 or 73 percent of the labor employed. Another interesting factor was the employment in industries of 39,000 persons who were more than 50 years of age.

The following paragraph from the report was of special interest:

> "The general wage level is remarkably low in Japan, being practically 0.12-sen (equivalent to .04-cents in U.S. Cy.) per hour per hand on the average or, in other words, a daily income of 0.96-sen (0.32-cents U.S.) for eight hours' labor, because poorly paid female and child labor number some one-half of the total factory operatives. The amount of wages paid out during 1934 reached a total of Y.773,800,000, which meant an average income of Y.357.72 a year or Y.29.50 (equivalent to U.S.$9.83) a month for the average worker."
>
> It should be noted, however, that the number of industries in Japan operating on an 8-hour a day basis, is very limited, the average probably being above 10-hours daily, particularly in the enormous number of small-scale factories which employ less than 50 operatives. The Army and Navy, in order to keep up a semblance of prosperity and prevent labor discontent in the small towns and villages, recently has been following a policy of giving contracts to small factories rather than to the large industrialists who have amassed vast profits from the munitions business since the Manchurian occupation in 1931.

JAPANESE "OCTUPUS" REACHES OUT



The above cartoon from the British magazine, *John Bull*, carried the following underline, "Like a sinister octopus, Japan casts its tentacles about the countries of the Far East—and beyond. While provinces are being seized in some directions, espionage is going on in others to see how Japan's domination can be increased in time to come."

The methods which the Imperial Japanese Army has used in breaking down Chinese resistence, particularly in the fostering of smuggling, have undoubtedly had an effect in causing Occidental countries to restrict the import of cheap Japanese goods. Leaders of other lands undoubtedly realize that if Japan possessed sufficient military strength, no Western nation or colonial dependency would be able to resist Japanese economic pressure. But there is a further significant element involved in Japanese military occupation and domination of Chinese territory

which is not so well understood. The Japanese are now driving for complete control of Chinese industries, which they intend to either stifle entirely or amalgamate with Japanese industries. Large Japanese industries, under military pressure, are now rapidly expanding into Manchuria and North China, taking advantage of Chinese coolie labor which will be able to produce even cheaper than the exploited female labor of Japan. Not many years will elapse before the products of Japanese-controlled mills in China will be seeking entrance to Occidental markets, at prices lower even than those prevailing at Osaka. When that time comes high tariffs and quotas alone will not be sufficient to save Western industries from disaster. Military strength also will be required; hence those Occidental politicians who argued that Japan's occupation of the Manchurian provinces and other Chinese territories would serve as a safety valve, relieving western countries of the Japanese menace, should be looking up some new arguments.

CONSULAR BODY NULLIFIES SHANGHAI FACTORY AGREEMENT

THE enforcement of the factory agreement, the draft of which was recently approved by the Shanghai Municipal Council after it had been negotiated, after years of discussion, between the Shanghai Municipal authorities, represented by Secretary General Stirling Fessenden, and the Chinese auhorities, represented prinicipally by O. K. Kui, Secretary General of the Municipality of Greater Shanghai, has struck a snag in that the Shanghai Consular Body in a communication to the Shanghai Municipal Council last week called attention to the fact that the agreement as drawn,

> "purports to apply Chinese law to all factories in the Settlement regardless of nationality. That in effect would mean the partial abrogation of extraterritorial rights. The Council, however, must be aware that it is not within their power to make any such concessions, which would be a matter for negotiation between the Governments concerned and the Chinese Government."

The Consular Body, of which Sir John Brenan, the British Consul General, is the doyen, in its communication to the Municipal Council, while expressing sympathy with the objects which the Council and the Chinese Government had in view, nevertheless requested (in view of the situation), that the Council would endeavor to secure an amendment of the draft agreement, making it clear that its provisions only apply to factory interests within the Settlement which are subject to Chinese jurisidiction. The Consular Body's communication added, however, that there would be no objection to a clause stating that the Council would, with the consent of the authorities concerned, apply a similar inspection procedure to other factories by means of the powers vested in the Council by the Land Regulations.

It is an open secret that the opposition to the enforcement of the Chinese factory regulations comes from the Japanese. It is stated that when the Council approved the draft resolution, all the members, except the two Japanese members, voted to approve it . It is the general impression that as a result of this new development the prospects for the application of the factory regulations in Shanghai in the near future are very remote. Mr. Fessenden in an interview professed complete ignorance regarding what would be the outcome of the present deadlock. He characterized the ruling made by the Consular Group as another manifestion of the clash of the sovereign rights of China on the one hand and the extraterritoriality rights of foreign powers on the other hand. "It's like a crossword puzzle," he said, "and I have no solution." Obviously the local Chinese authorities are not in a position to make any further move until they receive instructions from Nanking. There the matter rests for the moment, with the Japanese, apparently, holding the whip hand.

The incident, it may be mentioned, calls attention to the fact once more that in the last analysis, it is not the local community, of which the Shanghai Municipal Council is merely the executive committee, but the nations which have extraterritorial rights in China, represented here by the Consular Body, that have the fate of Shanghai in their hands. It has been quite some years now that there has been any clash between the Consular Body and the Municipal Council. In the early history of the Settlement such clashes were frequent, but out of them has arisen the system of Government as it exists today, punctuated now and then by changes insisted on by the Chinese Community, when as happened now and then, the discrimination against the Chinese became too onerous to be borne by them any longer. In the present instance it may well have been the case that the non-Japanese members of the Council (other than Chinese) in approving of the factory regulations knew beforehand that the Consular Body would not approve them. But by approving of the regulations the Council made a gesture of good-will towards the Chinese and placed the responsibility for the opposition which has been manifested to them where it properly belongs.

Kleffel Appeal Still Pending in Kiangsu High Court---Police Withdraw Previous Appeal

The Shanghai Municipal Police July 14 withdrew their appeal against that part of the decision in the case of Julius Kleffel, former member of the defunct American-Oriental Banking Corporation, in which the First Special District Court acquitted him of charges of fraud and misappropriation. This was apart from the conviction of Kleffel on a charge of breach of confidence, for which we has sentenced to six months imprisonment. The appeal on this point by the defendant is still pending in the Second Kiangsu High Court.

Scanning the Chinese Political Horizon

A COMPREHENSIVE ANALYSIS AND INTERPRETATION OF RECENT DEVELOPMENTS IN NANKING, LIANG-KWANG, AND NORTH CHINA

BY HUBERT S. LIANG

DURING the past few days attention of those who follow political events in this country has been directed toward three different centers—Nanking, Liang-Kwang (Kwangtung and Kwang-hsi) and North China. What has been enacted in these three locales, were it not for the grim and even tragic aspects of some of the scenes, may well be compared to a three-ring circus which easily adds to the confusion and bewilderment of the ill-informed and unintiated lay public, Chinese and foreign.

At Nanking the Second Plenary Session of the Central Executive Committee of the Kuomintang opened its conference on July 10 as scheduled. This congress was precipitated by the abrupt decision of the Southwest Political Council to launch upon an "anti-Japanese" campaign northward and by the actual military movements of the Liang-Kwang armies into the adjacent provincial borders of Hunan, Kiangsi and Fukien. At this writing the agenda for the second plenary session has not been fully published, but it is understood that the two paramount issues to be considered at this congress are(1) How to settle the Southwest problem and (2) What are the next steps in dealing with the ever-increasing Japanese aggression. Opinions in official circles are divided as to how the southwest situation should be dealt with. For the purpose of simplification these opinions may be summarized under the following headings:

1. The Central Government to send a punitive expedition against the Liang-Kwang for their rebellious attitude and actions.

2. The three prime movers of the "campaign," namely Generals Chen Chi-tang, Pei Chung-hsi and Li Tsung-jen to be asked to give up their command and go abroad, and the Southwest Political Council to be dissolved.

3. To settle the situation through political means, namely, the Central Government to compromise with the Southwest.

On Monday July 13 the Second Plenary Session of the C.E.C. adopted a resolution for the abolition of the Southwest Political Council and the Southwest Executive Committee. On the same day the Session voted to appoint General Yu Han-mou, commander of the First Kwangtung Army, who withdrew from Canton, to succeed General Chen Chi-tung as Commander-in-chief of the Army Corps and director of Peace Preservation for Kwangtung, while the two Kwangsi generals, namely, Li Tsung-jen and Pei Chung-hsi were named to the respective posts of Director and Deputy-Director of Peace Preservation for Kwangsi.

As far as the opinion or opinions of the articulate section of the public is concerned certain definite trends are discernible. First, civil war in any form is to be deprecated. Second, authority of the Central Government should be respected and any divisive tendency or manifestion vigourosly condemned. Third, the Central Government in order to maintain its prestige should adopt a more positive and vigorous policy vis-a-vis Japan. This leads to the second issue facing the plenary session, namely, what are the next steps in dealing with the ever-increasing and the unsatiable aggression of the Japanese. It will be recalled that at the Fifth General Assembly of the Kuomintang at Nanking in November 1935 China's policy toward Japan was epitomized by the following statement of General Chiang Kai-shek: "We shall not forsake peace until there is no hope for peace. We shall not lightly talk about sacrifice until we are driven to the last extremity which makes sacrifice inevitable." Much has happened since this declaration which has formed the keystone of Nanking's foreign policy vis-a-vis Japan. Under Japanese puressure and at her instigation the East Hopei bogus regime was set up. Inner Mongolia has virtually declared her independence of the Central Government. Japanese troops in north China have been increased beyond all treaty limits. War-like preparations and demonstrations are being made by the Japanese army in Peiping, Tientsin and their vicinities. Smuggling by Japanese nationals with the full protection of the Japanese authorities has run rampant to the ruinous detriment of legitimate industry and business and of the finance of the Central Government. In view of all these the Chinese people are impatiently raising the question whether the time has not already arrived for China to make her supreme sacrifice. If not, when will the Central Government consider it to be the "deadline." As long as this major issue is not clarified the confidence of the people in the Central Government will increasingly be undermined and internal dissension, all efforts to the contrary notwithstanding, will only be aggravated as the time goes on. Thus the problem of achieving internal unity and that of effective dealing with external aggression are twin issues which cannot be divorced one from the other. So far the Central Government's attitude has been that unification must be the absolute pre-requisite to external resistance. On the other hand it is

sincerely believed and advocated by many that one of the best and most effective ways of achieving national unification is for the Central Government to offer the stiffest kind of resistance against the ever-deepening Japanese incursions.

Whatever other motives there may be behind the Southwest drive the anti-Japanese sentiment of the people in the two southern provinces has undoubtedly furnished it with the necessary occasion and inspiraion. Whether this powerful sentiment of the Liang-Kwang people has been utilized by their military and political leaders to further their own ends is an entirely different matter. That this sentiment of indignation against the Japanese aggression exists not only in the Liang-Kwang provinces but throughout the entire country cannot be questioned. The other motive generally atritubed to the Southwest drive is their determination to oust General Chiang Kai-shek as the deep and long-standing personal hatred of Generals Li Tsung-jen and Pai Chung-hsi against General Chiang is only too well known. Still another cause generally ascribed to the drive is the deep-seated fear that General Chiang would sooner or later seek to eliminate the recalcitrant southern military leaders, particularly the two Kwangsi generals. And this fear has developed into a sense of desperation as a result of certain measures recently adopted by the Central Government which unfortunately have seemed to unwittingly lend credence to their belief. For one thing the deflection of the opium traffic which is said to amount to $10,000,000 per annum from Kwangsi to Kweichow has hard hit the provincial treasury of Kwangsi which has depended upon it as a mainstay for its revenue. The monetary reform instituted last November has also worked adversely on the local currency situation in the Liang-Kwang provinces. The hastening of the completion of the Canton-Hankow railways, has too, contributed its share of foreboding for the southwest leaders. Last but not the least the appointment of General Chang Fa-kwei, an erstwhile opponent of General Chen Chi-tang of Kwangtung, as the commander-in-chief of the "bandit-suppression" forces on the Fukien-Chekiang border has seemed to have completed for the southern leaders the circumstantial evidence of General Chiang's intention to strangle if not to crush the Southwest. Still another theory about the southwest drive is that the Liang-Kwang military leaders, especially Generals Pai Chung-hsi and Li Tsung-jen has been motivated by their personal ambition to expand outward and in order to satisify this ambition of theirs they do not hesitate even to utilize the Japanese support.

Whatever may or may not be its motives that the drive itself is to end in complete fiasco is now a foregone conclusion. But what are the reasons for such a precipitate collapse? To begin with the Liang-Kwang have had no well-thought-out program which can really appeal to the imagination and enthuiasm of the people. Even the anti-Japanese feature of their announced program is pretty largely nullified by their use of Japanese ammunitions and their employment of Japanese military advisors (so far there have had been no official denials from the Southwest to the contrary on these two points.) Then, too, they certainly have miscalculated the public opinion. True, the public sentiment through the country is all for immediate and vigorous resistance against the Japanese aggression but the moment any one who tries to utilize that sentiment for some ulterior purpose the situation immediately takes on an entirely different complexion. The Liang-Kwang have also greviously blundered in their strategy even assuming that their intentions are completely sincere. Instead of sending troops to the bordering provinces at first flush thus at once placing themselves in the eyes of the public in the position of aggressors in a new civil war what they could or perhaps should have done, if they really wanted to resist the Japanese, would be to urge the Central Government for resistance. What actually transpired was of course just the reverse. Facing a far superior force on the opposite side of the line and confronted with at best an indifferent public opinion which failed signally to rally to their alleged cause and together with the chaotic currency situation in their respective provinces the Liang-Kwang high commands had to withdraw their troops and change their tactics. But it was too late, for the weakness of their position had already been revealed stark and clear. And this revelation perhaps just as much as any other factor was responsible for the serious defection in their own camps. The well-known conficiting interests of the Liang-Kwang have not helped their situation either. Aside from their common hatred and suspicion of General Chiang and their united desire to oust him from power they are truly, as the saying goes, bed-fellows with different dreams. Finally the Central Government's superior power not only in military and financial terms but also in terms of skillful propaganda and general strategy has spelled the doom of the Southwest move. If there is one moral that can be drawn from the whole episode it is that the Chinese people are sick and tired of civil war and that any one who dares to risk it will be sure to find himself in the lurch in so far as any popular support is concerned.

Turning now our attention to the north we see Japan's hand in the muddle all the more evidently. The one unchanging formula of Japanese conquest as applied to China has always been, still is and ever will be to Divide and Rule, To Set One Group Against the Other. The setting-up of "Manchukuo", the creation of East Hopei bogus regime and the declaration of independence of Inner Mongolia are the recent fruits of

this deadly traditional policy of Japan. Unsatisfied they now want to tear the five northern provinces, Hopei, Chahar, Suiyuan, Shansi and Shantung away from the Central Government. Every day they are seeking through bribery and intimidation to drive a wedge between the Central Government and these five northern provinces, particularly Hopei, Charhar and Shantung. Unless effective measures are adopted to check this process a second "Manchukuo" may yet emerge in North China in the not distant future. And the first step to counteract this process is for the Central Government, not to abandon North China to its own fate, but to assume the attitude that if north China is given up or given away the whole of China is gone. So far as the local authorities are concerned they must realize that whatever temporary benefits they may reap by detaching themselves from the Central Government they will eventually find themselves in the death grip of the Japanese designs and intrigues. And they will forever go down in history as traitors to their country and their race. The one encouraging factor in the whole North China situation is the patriotic attitude of the rank and file of soldiers and junior officers in the northern armies, particularly the 29th Route Army which fought so gallantly and heroically at Hsifenkou three years ago. Certain generals might sell away their birth rights for a mess of pottage but their soldiers will fight to death in the defense of their mother country. And it is these patriotic soldiers upon whom the country will depend when the supreme test of strength is come. The recent incidents at Fengtai, and Taku, while trivial in themselves, are enormously significant portends of the temper of the rank and file of solders that are guarding the country's northern froniters. Whatever may be the outcome of the North China situation the responsibility for preserving the national sovereignty and territorial integrity of the country falls, in the final analysis, squarely upon the shoulders of the Central Government at Nanking.

As never before the Japanese pressure is being applied in all directions through undisguised and rampant smuggling, unwarranted increase of troops and warlike preparations in Peiping, Tientsin and their vicinities, ruthless and cunning propoganda and diplomacy. How much longer can the situation continue? When will the Central Government consider the hour has arrived to strike? What preparations are being made along military, economic and diplomatic fronts in readiness for the supreme struggle? These are the questions that are today agitating the minds of the Chinese people and are clamoring with increasing insistance and force for clear, definite and unmistakable answers!

Rapid Increase in "East-West" Marriages—Some Expert Advice and Comment

BY EARL H. LEAF

THE other night my wife and I attended a party given by the Tientsin Y's Men's Club and later we all adjourned to a local ballroom for an hour or two of dancing. An unusual feature of the party was that included in the crowd of about 22 couples, there were seven couples of mixed marriages—almost one-third of those present.

Surely, the crumbling of old outworn racial hatreds is resulting in an increasing number of East-West marriages. No exact records are available but nearly every week I hear of more lovelorn couples who are willing to meet each other half way at least, and make a serious effort to find connubial bliss despite the differences in color, creed and background.

The social stigma once attached to Oriental-Occidental marriages has almost completely disappeared from both Chinese and foreign circles in most sections of China although the offspring of such unions find recognition much slower. I say "almost" disappeared merely for the sake of being conservative because in my two years of marriage to a Chinese lady I have not yet met a snub in either Chinese or foreign circles, nor has my wife.

Now and then some social dowager thinks you're only foolin'; that no preacher has mumbled a few words in his beard over your clasped hands, and they make inquiries when you're not looking, but once they find the couple are legally spliced, they are all for you.

International marriages apparently appeal mostly to the intellectual class rather than the merchant or labor classes. The seven couples at the party mentioned above included two Chinese university professors, one with an English the other with an American wife, and an American educator with a Chinese wife, a Chinese Government official with a French wife, an American newspaper correspondent with his Chinese wife, a Chinese head of a large advertising company with his German wife and a Chinese engineer and his American wife.

The proportion of Chinese who take foreign wives is much larger than the foreigners who take Chinese wives, which is probably due to the fact that Chinese students abroad so often return to the fatherland with a "wai kuo tai tai" leaning on their arm. Five of the Chinese in the Y's Men's party were educated abroad.

I have known several score internationally married couples rathei well but I have not known a divorce among them. It is not possible to credit this fact to complete marital harmony but I do think they make a more sincere effort to succeed in their marriage than other couples do. Each allows the other a wide margin to take care of the difference in Chinese and foreign viewpoints on such matters as are of importance to the "liang kou tze." This, I think, is the saving factor in many international marriages. Another factor is that they know they are the center of all eyes. They have taken the step against the advice of everyone, in most cases, and it is up to them to prove they were right. They *must* make good or face a barrage of "I told you so's" and so they manage somehow to hurdle the obsta-

cles in the path of a happy married life and there are far less wounds and lesions and scars after the first stormy five or ten years than are left to the ordinary married couple.

Modern young Chinese have much the same views on marriage as foreigners, but foreign wives of Chinese have problems to contend with which are not known to intra-racial marriages. Concubinage is one of them. I know one American lady who presented her Chinese husband with six bouncing babies—all daughters. After nine years of marriage, the husband told her quite frankly he would take a concubine because he must have a son and heir. She was extremely unhappy about it, but knowing and loving her husband, she set aside her objections and consented. The concubine presented him with two more daughters. Now he has a second concubine, but the results are not yet known. This man was considerate enough to set up a separate establishment for his concubines. Fortunately, also, he could afford it. Had he insufficient income to keep two homes, he might have brought his concubines into "ta tai tai's" house, and there would have been many tears shed.

Not all American or foreign wives can be like one American woman in Peiping. She desired not to have any Eurasian children so she told her husband to have children by a concubine and she would adopt and raise them as her own. They have been happily married for many years and the children are the pride and joy of both. I cannot say whether the concubine is very happy about the arrangement, as the kiddies seldom visit her.

Foreign women also age much quicker than Chinese women, particularly in the Orient. Chinese ladies keep their bloom far past the middle age line while foreign ladies begin to sag and grow sallow and fat in early middle age, and this also constitutes a point of danger in marriages of foreign ladies to Chinese.

Another handicap to many Sino-foreign marriages is the economic factor. Chinese white collar wage earners receive a pitifully small income as a rule. Many of the prize posts in the Chinese Government service, for example, carry a monthly emolument of only about $200 a month and at the same time are required to keep up the best appearances and travel around in a good (and expensive) "set." To many there is no opportunity for squeeze or outside gain. Unless a young Chinese has relatives who can afford to augment his monthly income, both he and his wife are going to face many a severe financial crisis during the course of their married life, even though they live as simply as possible.

"In-laws" spell marital difficulty the world over but this factor is probably more important in China than elsewhere due to the importance of the family system in this country. The position of the young American wife in Pearl Buck's novel, "East Wind West Wind" is not exactly typical but doubtless it is true enough of the experiences of some women. On the whole Chinese families seem willing enough to accept a foreign girl into the house provided she is willing to meet them half way in observing family customs and traditions. Seldom does she become really a member of the family but she is tolerated in a good-natured way by the other members. Living in the family home is exceedingly difficult, however, due to the fact that most foreign girls are used to some privacy and there is very little of that around the average Chinese home.

There are several other factors which the foreign girl who thinks of marching up the aisle to the tune of Lohengrin with a Chinese, should consider first, but I have outlined the chief difficulties in the average marriage of that kind.

The difficulties facing marriage between a foreigner and a Chinese girl are much less serious and fewer in number. Chinese girls who go abroad for their education do not very often return with foreigners trotting along at their heels and most of these kind of marriages are locally hatched. The opportunities for foreigners meeting eligible Chinese maids, other than dancing girls, sing-song girls and other professional entertainers, are not numerous, particularly in a place like Shanghai where foreigners and Chinese are so far apart. The average Shanghai foreigner cannot speak any brand of Chinese and has made no effort to learn either the spoken or written language—"There is no need for it in Shanghai, y'know."

His field, then, is narrowed down to Chinese girls who can speak English. Personally I have always been wary of the Chinese girl who speaks English, unless she learned it in school, and not all the best schools make English compulsory. I am immediately suspicious of the girl who "just picked it up" because it is my observation that Chinese "hsiao chiehs" who go around with too many foreigners soon become spoiled.

The Chinese girl who marries a foreigner must soon learn to put up with many of his noisy, bustling, nervous "barbarian" ways, including the guzzling of far more likker than the average Chinese. She must face the idea that some day he may be compelled, for business or personal reasons, to return to his home land and perhaps there will be no room for her there. If she returns home with him, she may not have a staff of servants to cook and do the chores around the house, and she may not like the idea of doing the coolie work as well as the cooking.

Off-hand I cannot think of any serious handicap the foreign man faces when he takes a Chinese girl for his lawfully wedded wife, except that a Chinese wife can prove to be very expensive.

In small things she may be extremely frugal, perhaps even practically eliminating the cookboy's normal squeeze, but she can spend money quickly enough otherwise what with house parties, mah jongg debts, clothes and whatnot. As long as she thinks her husband has plenty of money to spend, she wants to spend all her share. If he becomes financially straitened, she can show him what it really means to save. Among my acquaintances are two couples who had much the same experience. The foreign husbands thought their wives were wanton spendthrifts but when a time came they needed money desperately, both these wives came forward with the required sum, which they had saved for years from the money their husbands thought they were frittering away.

Most Chinese think all foreigners are rich and the foreigner who marries a Chinese girl, even though she or her family is moderately wealthy, will find "distant relatives" at the door sooner or later seeking loans, jobs, or aid of some kind. I think every Chinese family has these kind of people hovering around the fringes waiting for someone to have a stroke of luck.

However, these are mostly minor factors. I have pointed them out to make the picture more complete. On the whole, and I say this in all sincerity, I believe that the Sino-foreign marriage in China has proven to be more successful than the average marriage between two foreigners living in this country.

Kipling's words, "The twain shall never meet," like the celluloid collar and the handle-bar mustaches, are out of date long ago.

Tientsin, July 9.

C.E.C. Session Deposes Chen Chi-tang and Abolishes Two Southwest Organs; Liang-Kwang Will Fight

HIGH LIGHTS IN THE EVENTS OF THE WEEK:

1. **Nanking Appoints Yu Han-mou to Replace Chen Chi-tang as Kwangtung Commander.**
2. **Gen. Chiang Says China Will Fight Alien Aggression If Coerced to Sign Away Territory.**
3. **C. E. C. Manifesto Urges Centralized Control in Resisting Foreign Aggression.**
4. **Gen. Yu Han-mou and Several Other Kwangtung Commanders Desert Chen Chi-tang.**
5. **Liang-Kwang Leaders Resist Nanking Orders and Threaten to Fight.**
6. **British Said Urging Southwest to Settle Crisis.**
7. **Swatow Situation Suddenly Becomes Tense as Japanese Warships Arrive.**
8. **Remains of Hu Han-min Buried, Former Secretary Shot by Chen Chi-tang.**
9. **Kawagoe Says "Favorably Impressed" by Gen. Chiang Kai-shek.**
10. **Wang Keh-min Appointed Head of Hopei-Chahar Finances.**

The second plenary session of the Central Executive and Central Supervisory Committees, convened principally to discuss the crisis precipitated by the demands of the Kwangtung and Kwangsi military leaders for war against Japan, opened at Nanking July 10 as scheduled. The preparatory session of the conference, in which the Southwest delegates took part, began at 8 a.m., meeting at the Central Kuomintang headquarters under the chairmanship of Ting Wei-feng, veteran Kuomintang leader. A presidium consisting of nine prominent delegates was elected, the members being General Chiang Kai-shek, Sun Fo, General Feng Yu-hsiang, Yu Yu-jen, Ting Wei-feng, Chu Cheng, Chen Kuo-fu, Wang Fa-chin and Dr. H. H. Kung.

Yeh Chu-chang, secretary-general of the Kuomintang, was elected secretary-general of the conference.

Several committees were elected to examine proposals submitted to the conference.

They were :—

Kuomintang Affairs.—Chen Li-fu and Ting Chao-wu.

Military Affairs.—Generals Ho Ying-chin and Chu Pei-teh.

Financial Affairs.—Dr. H. H. Kung and T. V. Soong.

Educational Affairs.—Dr. Wang Shih-chieh.

Foreign Affairs.—General Chang Chun.

Conspicuous among those present were Tang Shao-yi, one-time Premier, Gen. Yu Han-mou, commander of the First Kwangtung Army, the five Southwest delegates, (Teng Ching-yang, Li Yen-jen, Tsui Kwang-hsin, Huang Lin-shu and Li Yi-an,) Gen. Chiang Kai-shek and all the high officials of the Central Government.

Party and political affairs were reviewed at length at the first general meeting of the second plenary session of the C.E.C. held at 7 a.m. July 11 at the Central Kuomintang Headquarters, presided by Sun Fo, President of the Legislative Yuan.

"So long as there is hope for peace, peace will not be abandoned, and, unless our sacrifices have reached the final limit, we will not talk lightly about sacrifice."—This was the gist of the report on foreign affairs submitted by the Foreign Minister, General Chang Chun, at the first regular meeting of the second plenary session of the Central Executive Committee July 11. The foreign policy laid down by the 5th National Kuomintang Congress had, he said, been faithfully carried out. "Conditions for peace," General Chang Chun added, "have their limit, and, if that limit is exceeded, we can only find existence through sacrifice." In conclusion General Chang Chun expressed the hope that, for Far Eastern peace, the statesmen of China and Japan would try to find a settlement of their difficulties through the proper channels. He trusted the Chinese people would present a united front in seeking a permanent policy and a solution of the problems confronting them.

TWO SOUTHWEST ORGANS ABOLISHED, CHEN CHI-TANG REPLACED

Decisions of far-reaching importance were reached July 13 by the Second Plenary Session of the Central Executive and Central Supervisory Committees at its second general meeting.

The Session

1. Abolished the Southwest Executive Committee and the Southwest Political Council.

2. Appointed General Yu Han-mou, commander of the 1st Kwangtung Army, to succeed to the posts of commander-in-chief of the Kwangtung forces and Pacification Commissioner for Kwangtung, now held by General Chen Chi-tang.

3. Renewed the appointment of General Li Tsung-jen as commander-in-chief of the Kwangsi forces, and of General Pai Chung-hsi as vice commander-in-chief.

4. Renewed the appointment of Lin Yun-kai as Governor of Kwangtung, and of General Huang Hsu-chu as Governor of Kwangsi.

5. Established a national defense commission consisting of 18 members, including Li Tsung-jen, Pai Chung-hsi, Chen Chi-tang, Sung Cheh-yuan, Han Fu-chu, Ho Cheng-chun, Ku Chu-tung, Liu Hsiang, Lung Yun, Ho Chien, Chiang Ting-wen, Yang Hu, Chu Shao-liang, Hsu Yung-chang, Chang Hsueh-liang, Liu Shih, Fu Tso-yi and Yu Han-mou.

6. Rejected a proposal to launch an anti-Japanese expedition.

The National Government in a mandate appointed July 14 General Chiang Kai-shek as chairman and concurrently vice-chairman of the newly-created National Defense Commission. According to the regulations of the National Defence Commission, the Chairman of the Military Affairs Commission is to be the chairman, and the President of the Executive Yuan the vice-chairman, of the commission. As the Generalissimo is head both of the Military Affairs Commission and the Executive Yuan, he was simultaneously appointed both Chairman and vice-Chairman of the new organ.

The decision to remove General Chen Chi-tang from his post as commander-in-chief of the Kwangtung forces and appoint General Yu Han-mou to succeed him was made on the proposal of the presidium.

The proposal to abolish the Southwest Executive Committee and Southwest Political Council was submitted by 31 members of the C.E.C. and C.S.C., most of them Cantonese. They included Tang Shao-yi, Sun Fo, Wang Chung-hui, General Wu Te-chen, and General Huang Shao-hsiung. The proposal condemned the South-west military movement, which had been set in motion ostensibly for the purpose of resisting foreign aggression and saving the nation. Actually, however, the movement had precipitated a national crisis and, if carried further, might actually invite foreign aggression. Kwangtung and Kwangsi had been governed for years by a virtually independent administration, with the Southwest Executive Committee forming a shield. They selected their administrative personnel, acted independently in military matters, and conducted foreign affairs without regard to the Central Government. Originally the Southwest Political Council was established under the direct jurisdiction of the Central Government, while the Southwest Executive Committee was under the Central Kuomintang Headquarters; but as they were being manipulated by a few military leaders and utilized as a weapon to oppose the Central authorities, their existence, the proposal added, should no longer be tolerated.

GEN. CHIANG SAYS CHINA WILL FIGHT IF COERCED TO SIGN AWAY TERRITORY

One of the most important declarations at the Second Plenary Session was delivered July 13 when Gen. Chiang Kai-shek clarified the foreign policy of the National Government before over 160 C.E.C. and C.S.C. members from all parts of China. The Generalissimo's definition of the Government's foreign policy was made as an explanatory reply to the rejected motion submitted by 28 Southwest members, calling for an immediate expedition against Japanese aggression. Gen. Chiang began by stating that such a proposal was submitted because the Southwest leaders never have understood the foreign policy of the Central Government, owing to their isolation. Even the resolution by the Fifth National Kuomintang Congress, last November, to the effect that peace will not be forsaken by China until there is no hope for peace and the idea of sacrifice will not be lightly embraced until China is driven to the last extremity where sacrifice is inevitable, Gen. Chiang said, has not been quite well understood by the Southwest members. Clearly stated, the Generalissimo emphasized, the maintenance of China's territorial integrity is the determination point for sacrifice and struggle. China will not stand any nation seeking to destroy her territorial integrity. "China," Gen. Chiang declared, "will never sign any treaty detrimental to her territorial integrity." If and when any nation should force China to sign any paper for the recognition of Manchukuo, that will be the time for China to make the supreme sacrifice. If and when every available political means fails to balk any aggressive designs on Chinese territory by a foreign nation, which aims at eliminating the existence of the Chinese nation, the Generalissimo added, that will be the time for China to make the supreme sacrifice. "This in brief," the Generalissimo emphasized, "is the limit to China's struggle for peace and existence." Events during the past six months have convinced most people that the situation has not reached the point where there is no hope for peace. While the Fifth National Kuomintang Congress was in

session last November, the Italian-Ethiopian war was just beginning, and, naturally, world opinion was in sympathy with Abyssinia, but unfortunately to-day Abyssinia is a lost country. The defeat of Abyssinia, however, does not mean that China should not follow the path of Abyssinia. On the other hand, China will not be afraid to be another Abyssinia if that is the only way to save the nation and the race. "Though we are not afraid to be another Abyssinia," the Generalissimo said, "we shall not be willing to be a second Abyssinia." If the entire nation and all the Kuomintang members, the Generalissimo pointed out, were able to stand together solidly under the Central Government, China could never be a second Abyssinia. The existence or extinction of China is now in the hands of the Kuomintang, and all the C.E.C. and C.S.C. members particularly should shoulder their responsibility well. "Are we then," the Generalissimo asked, "to push the nation along the unwalkable path when peace has not come to the stage where there is no hope for peace? Are we to precipitate the extinction of the nation just because of one moment's impulse when the nation still has hope of salvation?" With perfect understanding and genuine co-operation, the Generalissimo stated, one and all will be able to take up the duties of resisting foreign aggression shoulder to shoulder in the event of unavoidable exentualities. Since the conclusion of the Fifth National Kuomintang Congress, the Central Government has spared no effort in the task of national salvation on the basis of the policy explained above. In conclusion Gen. Chiang expressed the hope that the C.E.C. and C.S.C. members from the Southwest attending the Plenary Session will convery the policy of the Central Government to the Southwest leaders.

After five days sitting the Second Plenary Session of the Central Executive and Supervisory Committees of the Kuomintang was closed July 14 at the conclusion of the third general meeting. Presided by Gen. Feng Yu-hsiang, vice-chairman of the Military Affairs Commission, the closing ceremony was marked by the issuing of the Session manifesto. At the third general meeting that morning presided by Dr. H. H. Kung, Minister of Finance, the Session passed a resolution to send a message to Wang Ching-wei, former President of the Executive Yuan, now in Europe, wishing him a speedy recovery.

C.E.C. MANIFESTO URGES CENTRALIZED CONTROL IN RESISTING ALIEN AGGRESSION

A manifesto issued by the Central Executive Committee July 14 asserts that the fact that the proposal for the abolition of the two Southwest organs was moved by members from Liang-Kwang gave further evidence that any cleavage in opinion between Central and local authorities has been eliminated by the one supreme desire to salvage the tottering existence of the nation. The fundamental pre-requisite in overcoming circumstantial difficulties and saving the country from annihilation, the manifesto averred, is the re-modelling of China on thoroughly modern lines. This requires the utmost self-denial, the bitterest struggle, and the most sweeping recognition of individual duties in building up a nation which is to be developed in perfect balance both in man and material power. Appreciable progress has been achieved both as regards China's foreign relations and the domestic situation. The determined effort of the Central Government to direct China's diplomatic relations along the porper channels, couple with the persistant toil of the military authorities in Hopei, Chahar and other parts of China to safeguard the sovereignty of their own country has appreciably changed international points of view toward China and there survives a thread of hope for peace. In unmistakeable terms, the manifesto urges the whole nation to place absolute trust in the Government, and it exhorts the people to be always on the alert and ready to make the supreme sacrifice. During the national crisis, toleration and determination will always be the watchword of the Government's domestic policy. On the other hand, its diplomatic policy will always have as its key-note non-recognition of acts of territorial aggression and non-conclusion of pacts which may infringe upon China's territorial integrity. When China's integrity is impaired, and if China fails to obtain redress through political means, the Government then will not hesitate to make a last sacrifice in safeguarding the existence of the nation. Admitting that resistance against alien aggression is the only way to save the country from extinction, such resistance nevertheless must be placed under centralized control. It is apparent, therefore, that unity and discipline, which inovlve both unified political and military command, are imperative if China is to become a modern state. The vestiges of feudalistic confusion must be thoroughly done away with before the new order of things can come into existence, and national strength preserved and real unity achieved. Concluding with a stirring appeal to the whole nation, the manifesto urges the entire people to place unflinching confidence in the Government and their leaders.

GEN. YU HAN-MOU AND SEVERAL OTHER KWANTUNG COMMANDERS DESERT CHEN CHI-TANG

Gen. Yu Han-mou, Commander of the Kwangtung First Army and one of the most influential military leaders under Gen. Chen Chi-tang, suddenly arrived at Nanking by plane from Tayu on the Kwangtung border July 9. In the evening, Gen. Yu called on Gen. Chiang Kai-shek. Emerging from the conference Gen. Yu informed pressmen that Kwangtung would hereafter adhere to the policy of the Central Government in all matters affecting the State. After attending the second plenary session of the Central Executive Committee Gen. Yu flew back to Tayu July 13 to assume his new posts.

Immediate withdrawal of all Kwangtung troops back to their garrison posts was urged by Gen. Yu Han-mou, commander of the First Kwangtung Army, in a wire sent to all the Kwangtung army and divisional commanders on July 10.

The 1st Kwangtung Army, which has been stationed in southern Kiangsi, is being withdrawn to the Kwangtung border, establishing a line between Nanhsiung and Tse-hsim, according to reports from Nanchang July 13.

Loyalty to the Central Government has been expressed by the various divisional commanders of the First Kwangtung Army under Gen. Yu Han-mou following the latter's departure from Kwangtung for Nanking.

That the visit to Nanking of General Yu Han-mou, Commander of the 1st Kwangtung Army, to attend the 2nd Plenary Session of the Central Executive Committee, was made, not at the behest of General Chen Chi-tang, Commander of the Kwangtung Provincial Forces, but in deference to the wishes of the rank and file of his army, was disclosed by Colonel Li Shang-yung, who accompanied General Yu as far as the Kiangsi capital when the latter passed through on July on his way to Nanking. On learning of the impending departure of General Yu to the Capital, General Chen Chi-tang urged the former to return to Canton. The summons was ignored, General Yu taking an airplane for Nanking instead. The munitions of the 1st Kwangtung Army stored at Shiuchow, northern Kwangtung, have been transported to Namyung, near the Kiangsi border, Colonel Li further revealed. Since the 8th inst., the officers and men of the 1st Kwangtung Army are forbidden to visit Shiuchow.

As a definite gesture of his disapproval of the Liang Kwang military action, Gen. Li Han-huan, Deputy Commander of the Second Kwangtung Army and Pacification Commissioner for East Kwangtung, has tendered his resignation in a wire sent to Gen. Chen Chi-tang. Simultaneous with his resignation, Gen. Li who has been taking up temporary residence in Honkong for the past fortnight, three other telegrams to the various quarters concerned, appealing for national unity and peace. In a telegram sent to Gen. Chang Ta, commander of the Second Kwangtung Army, Gen. Li urged him to lead his troops to Canton as a last resort to "persuade" Gen. Chen to abandon his Liang Kwang expedition.

Three more high commanders of the Kwangtung military organization are following the footsteps of Gens. Yu Han-mou and Li Han-huan in raising their voice of opposition to the anti-Nanking movement by Gen. Chen Chi-tang. The three leaders are Gen. Huang Tao, director of the Kwangtung First Arsenal, Gen. Li Chieh-tse, commander of the Tiger Fort, and Gen. Chang Chien-tung, principal of the Kwangtung Army Medical College. In submitting their resignations, the three leaders addressed a lengthy telegram to Gen. Chen Chi-tang as a final appeal to him to repent his mistake and to pledge his loyalty to the Central Government.

Several more Kwangtung military leaders have deserted General Chen Chi-tang and declared themselves in opposition to the misguided action of the South-western military authorities. General Miu Pei-nan, Commander of the 5th Kwangtung Army, and General Teng Lung-kwang, Vice-Commander of the 4th Kwangtung Army, have tendered their resignations. Major-General Li Shu-tsung, Commander of the Gendarmerie Corps of Kwangtung, has also resigned.

GENERAL HO CHIEN UPHOLDS PEACE AND UNITY

General Ho Chien, Chairman of the Hunan Provincial Government and concurrently Pacification Commissioner for Hunan, arrived at Nanking from Hankow by airplane July 10 at attend the Second Plenary Session of the Central Executive Committee, of which he is a regular member. General Ho was accompanied by General Ho Cheng-chun, Pacification Commissioner for Hupeh and General Hu Tsung-nan, Commander of the 1st Army. General Ho Chien's presence at the Capital at this moment is considered of great significance, as he has, since the Liang Kwang military leaders started their anti-Government agitation a month ago, always advocated peace and refused to join their alleged anti-Japanese expedition. His determined support of the policy of the Central Government in coping with the present national crisis under one and unified direction has been mainly responsible for averting what might have been a major civil war. On behalf of General Ho, Liu Hua-jui, Advisor to the Hunan Provincial Government and the Hunan Pacification Commissioner's Headquarters, gave an interview to press representatives shortly after General Ho Chien's arrival at Nanking. According to Mr. Liu, early last month, the Southwest military authorities attempted to induce General Ho to join them in launching an anti-Japanese expedition. General Ho, however, telegraphed the Southwest leaders, stressing the necessity of internal peace and unity and strongly advising against any rash or isolated measures in dealing with the foreign crisis of the country. At the same time, he also wired the Central Government and the various quarters, clarifying his attitude toward the Southwest move and advocating peace and unity. As a result of his stand in the situation, although the Liang Kwang forces marched into Hunan territory and the Central Government troops pushed as far as Hengyang, no clash has so far occurred. General Ho's determination to preserve peace and his support of the Central Government have won much appreciation

from all sides. When the Liang Kwang leaders began their troop movements, continued Mr. Liu, General Ho had five divisions of troops in the province, not including the miltia corps in various places. These troops have served under him through thick and thin for many years and his leadership over them is unquestionable. Because of his peaceful intentions and his disapproval of the Southwest move, the Liang-Kwang military authorities have to restrain their rash activities and to lend an ear to his appeal for peace. General Ho's present mission in Nanking is to confer with the Central Authorities on the situation and to strengthen the position of the Government in preserving peace and unity. Although an army commander, General Ho is also a Chinse scholar. In spite of heavy duties in Hunan as both civil and military leader of the province, he has always managed to find time to study. He is author of several books, advocating universal brotherhood and international peace. Anxious for rural rehabilitation of his province, General Ho has recently designated Hengchow as an Experimental Area and has invited several expert rural reform workers to develop the district. Finally, Mr. Liu assured his interviewers that with General Ho's support for peace, the difficulties between the Southwest and the Central Government would be amicably settled. It has always been General Ho's policy to preserve peace in his garrisoned districts and not to engage in any war except under compelling circumstances to defend the nation against external aggression.

Two of the four latest model torpedo boats, the No. 1 and No. 4, respectively under the command of Captains Teng Mingkuan and Teng Tsui-kung, steamed into Hongkong harbour May 13, having secretly fled Canton on July 12. In a joint telegram despatched to Nanking, the two captains bitterly denounced the rebellious stand of Gen. Chen Chi-tang and pledged their allegiance to the Central Government.

Eleven aviators of the Kwangtung air force arrived at Nanking July 10 and are stopping at the Officers' Moral Endeavor Association. They expect to interview the Central authorities.

The following anti-Chen Chi-tang slogans are posted in Nanshung:

(1) Down With Chen Chi-tang, who exploits the people,

(2) Support the Central Government's policy of resistance against our enemies,

(3) Yu Han-mou is the salvation of Kwangtung people,

(4) Down with Chen Chi-tang, who sent delegates to Japan.

(5) Down with Li Tsung-jen and Pai Tsung-hsi, who sent Pang Li-tze to Japan to make connections.

LIANG-KWANG LEADERS RESIST NANKING ORDERS AND THREATEN TO FIGHT

The Kwangsi warlords, Generals Li Tsung-jen and Pai Chung-hsi, have decided to support General Chen Chi-tang in resisting the decree of the Nanking Plenary Conference, which relieved him of his posts of Commander-in-Chief of the Kwangtung forces and Pacification Commissioner of Kwangtung. General Li and Pai have decided to reject their appointments as members of the National Defense Commission established by the conference. Meanwhile, the Southwest Political Council and the Southwest Executive Committee are not recognizing their dissolution, which was decreed by the conference. Kwangtung and Kwangsi are combining to form an anti-Japanese allied army, with General Chen Chi-tang as commander-in-chief and General Li Tsung-jen vice commander-in-chief.

The Southwest Political Council and the Southwest Executive Committee elected Gen. Chen Chi-tang Commander-in-Chief of the armies of both Kwangtung and Kwangsi, July 14, according to *United Press*.

An order to attack the units commanded by Gen. Yu Han-mou was issued July 14 by Gen. Chen to Gen. Chang Ta, Commander of the Second Army, whose Fourth Division already has started to march. Meanwhile, the headquarters of the Kwangsi forces have issued a statement accusing the Central authorities of ordering their troops stationed in Hunan to advance towards the borders of Kwangtung and Kwangsi on July 12. Scores of aeroplanes from Nanchang also have been moved to the southern portion of Kiangsi province. The Central troops marching southward are commanded by General Liu Chih, Hsieh Yueh, and Hu Tsung-nan. "If these forces attempt to cross the border," the statement declared, "our troops will resort to arms to repulse them."

When interviewed, Gen. Li said the Southwestern authorities refused to be coerced by the actions of the Central Government.

That Gen. Chiang Kai-shek has telegraphed to Gen. Chen Chi-tang, Gen. Li Tsung-jen, and Gen. Pai Chung-hsi, asking them to "take a trip to a foreign country" was reported in a Canton, July 14, according to *United Press*.

Canton is now reported to be practically in a state of emergency. Beginning from July 13, additional police units and gendarmes were posted to patrol the city and suburban areas. Suspected of being loayl to the Central Government, the 27th and the 40th regiments under the Fifth Kwangtung Army, reports state, have been put under surveillance. To reinforce the Kwangtung forces, two divisions of Kwangsi troops under Generals Wang Chang-pin and Chow Tsu-kuang have been dispatched by Generals Li Tsung-jen and Pai Chung-hsi. General Chen Chi-tang has shortened Kwangtung's defense lines. The first line has now been fixed at Shaokuan, the second at Pakiang and the third in the suburbs of Canton. War preparations continue unabated in Kwangtung, other reports reveal. Large consignments of aviation equipment including 50 pairs of airplane wings, recently ordered from abroad, arrived in Canton on July 12 and were immediately transported to Shaokuan.

Troops of General Yu Han-mou, newly-appointed Commander-in-Chief of the Kwangtung forces and Pacification Commissioner for the province, are on the move to enforce the decrees of the Central Executive Committee of the Kuomintang. The vanguard of General Yu's troops have reached Pingshek, about 15 miles from the Kiangsi border, while General Chen Chi-tang's forces have fallen back to Shiukwan, 75 miles to the southwest, in accordance with plans to shorten their lines. These forces consist of the 2nd Kwangtung Army, commanded by General Chang Ta, and other units which recently invaded Hunan, They have lately been concentrated at Lokchang, near the Hunan-Kwangtung border. Reports of fighting have been received, but they cannot be confirmed. Kwangsi troops have arrived in Canton en route to the North River region in accordance with the arrangement made between General Chen Chi-tang and General Li Tsung-jen.

A military train of the Kwangtung Army barely escaped complete destruction July 13 as iron bridge at Pakonghow, south of Kwangtung, went up in air as a result of an explosion. A similar attempt to bomb a transport taking arms and ammunition to the Kwangsi Army occured July 12 at Wuchow. A portion of the steamer was demolished, but the number of casualties was not known.

Shanghai Nippo reported July 11 that General Chen Chi-tang, commander of the Cantonese forces, will be forced to resign by the pressure brought upon him by his subordinates. Mrs. Chen, escorted by special body guards, fled to Hongkong July 9 together with a large quantity of valuables. The people in Kwangtung are indignant over the false Anti-Japanese movement initiated by General Chen.

FAMILIES OF KWANGSI LEADERS MOVE TO HONGKONG

Affected by the political situation as a result of the Liang-Kwang movement, trade between Hongkong and Wuchow and other big cities of Kwangsi is virtually at a standstill. Hundreds of merchants who recently fled Wuchow and other Kwangsi towns have arrived in Hongkong in a continuous stream in order to escape conscription that is now being rigidly enforced in Kwangsi. Among the latest arrivals in Hongkong are the families of Gen. Li Chai-sum, former military leader of Kwangtung, Gen. Pai Chung-hsi, deputy commander-in-chief of the Kwangsi forces, and Lieut.-Gen. Lin Wei-cheng, director of the Kwangsi Aviation School, and other Kwangsi officials.

BRITISH URGING SOUTHWEST TO SETTLE CRISIS, TOKYO HEARS

Unconfirmed press reports from Canton reaching Tokyo July 8 said that British authorities there were bringing pressure to bear on the Southwestern leaders for an early settlement of their differences with the Nanking Government. Herbert Phillips, British consul-general there, is reported to have sought a modification of the violent anti-Japanese views of the Kwantgung and Kwangsi leaders so as to enable the Nanking authorities to make a compromise with the Southwest. Similar activities by British officials were reported to be going on in Nanking. The unfavorable effects on China's international relations of an armed conflict at home, coupled with the reactions of such an eventuality on the country's finances are said to be the major British "selling points" in their efforts at mediation.

SWATOW SITUATION SUDDENLY TENSE AS JAPANESE WARSHIPS ARRIVE

The situation in Swatow, already tense due to Kwangtung military preparations and rumors of an impending punitive drive by the Central Government, has become worse as result of the revival of the Sino-Japanese dispute over the death of S. Kakuda, a constable of the Japanese Consular Police there. The Japanese consul in Swatow on July 4 presented another demand to the Swatow municipal authorities demanding an indemnity of $10,000 to be paid immediately to the family of the deceased. The Swatow authorities are understood to have referred the issue to the Kwangtung Provincial Government.

Two Japanese warships have arrived suddenly at Swatow and entered the harbour July 8. They steamed into port, without first notifying the Chinese authorities.

On July 4, the Japanese Consul-General called on the Swatow City Government and demanded the payment of $10,000 in connection with the Swatow case, reported *Shun Pao* July 8.

Seventy-two Japanese Warships, now visiting Formosa, will come to Amoy in the near future, after a series of manoeuvres, according to *Shun Pao* July 13. On these ships, there are a total of 60,000 Japanese sailors and officers.

Two Japanese planes (each plane has a capacity for carrying 12 passengers) are visiting Wuchow. According to *China Times* July 13, these two planes will fly between Wuchow, Nanning and Liuchow in Kwangsi Province. In Wuchow, Japanese military advisers are constant visitors to a new club house there.

Three Japanese military advisers fired at a group of Chinese at Liuchow on June 17 and killed three and wounded four persons, according to a report in *China Times* July 11. The incident was settled when General Pai Tsung-hsi hurried to Liuchow by plane.

KWANGSI SEEKS URGENT FINANCIAL AID FROM KWANGTUNG

Unlimited financial assistance for Kwangsi is sought from Kwangtung in a communication addressed to Lin Yun-kai, Governor of Kwangtung, by General Huang Hsu-chu, Governor of Kwangsi.

General Huang proposes two concrete measures :—

1. An announcement by the two provincial governments that the notes of each province shall be circulated and accepted at face value in the other.
2. In the event of emergency, Kwangtung should transmit huge sums to Kwangsi for stabilizing Kwangsi's currency.

General Huang Hsu-chu left for Nanning July 13 by air after completing his discussions for currency co-operation between the two provinces.

Canton banknotes slumped heavily July 13 owing to the tension prevailing and a report that the authorities were contemplating the placing of Kwangsi and Kwangtung notes on the same basis. The notes dropped to $1,935 per $1,000 Hongkong currency as compared with $1,833 July 12.

The Canton authorities continue to issue the so-called Kwangtung legal tender notes as a means of obtaining silver from the people. About $7,200,000 worth of such notes printed in America has already arrived in Canton, while more notes to the amount of $4,000,000 are due to arrive there shortly. They have further decided to issue $90,000,000 worth of currency readjustment treasury notes. The notes will be in the denominations of $5, $10, $100, and will be redeemed within 10 years.

An early financial collapse in Kwangtung is forecast by a spokesman of the Ministry of Finance in an interview. The Kwangtung Provincial authorities have been issuing paper notes without adequate specie reserves, he charges. Moreover, while disposing of their silver reserves to foreign banks, they are issuing more paper money for public circulation. The silver reserves in Kwangtung are estimated at $90 millions, consisting of $70 millions in silver (20-cent) dimes and $20 millions in dollars. The notes issued by the Kwangtung Provincial Bank and the Canton Municipal Bank however amount to over $200 millions. According to the Central Government's regulations governing the issue of legal tender notes, at least 60 per cent of the note issue should be backed by silver reserves. The paper notes issued in Kwangtung therefore are short of over $30 millions in silver reserves.

REMAINS OF HU HAN-MIN BURIED, FORMER SECRETARY SHOT BY CHEN CHI-TANG

An impressive and spectacular procession was witnessed at Canton July 13 as the remains of the late Southwest leader, Hu Han-min, who died on May 12, contained in an expensive coffin of sandlewood, were conveyed from the Sun Yat-sen Memorial Hall, where the body has been lying in state since May 12, to the Lung Yen Tung Hill for burial. While scores of airplanes roared overhead, the procession, which included all high Southwest officials, representatives sent by the Nanking Government, members of the Consular Corps and other guests, started at 8 a.m. for the burial ground moving slowly behind a number of military and civilian bands. The most rigid precautions were taken by the authorities. All streets along the route were cleared and patrolled by heavily-armed troops. Flags throughout the city were half-masted while all theaters have been closed and other amusements suspended.

A sensation was caused in Canton July 12 when it became known that Wang Yang-chung, for many years private secretary to the late Hu Han-min, was executed July 10 by order of the Kwangtung military headquarters. The charge against Mr. Wang is not known.

KAWAGOE SAYS "FAVORABLY IMPRESSED" BY GENERAL CHIANG KAI-SHEK

Shigeru Kawagoe, Japanese Ambassador to China, came back from his first meeting with Gen. Chiang Kai-shek, president of the Executive Yuan, in Nanking earlier last week as being "very favorably impressed," the Japanese press in Shanghai said July 10. The "frank and outspoken" qualities of the Chinese leader were highly praised by the envoy in an interview with Japanese correspondents, the paper added. "My visit to Nanking was purely one of courtesy," the ambassador was quoted as saying. "I did not discuss any concrete questions regarding Sino-Japanese relations." Turning to Sino-Japnaese economic co-operation in North China, the ambassador was reported by the *Shanghai Mainichi* as declaring that he was confident that "everything will proceed smoothly if able statesmen like Wang Keh-min will deal with the matter under wide powers granted by the Nanking Government."

Anti-Japanese sentiment in China, the relations between Nanking and the Southwest and the attitude of the Chinese Government towards Japan were the main subjects discussed at the opening session of the Japanese military attaches and resident officers which opened at Shanghai July 10. While details of the meeting could not be learned, a spokesman for the office of the military attache described the conference as "short but significant," in that it was being held simultaneously with the Second Plenary Session of the Central Executive Committee of the Kuomintang. The gathering was convened by Major-Gen. Seiichi Kita, military attache, on the occasion of the visit to China of Major-Gen. Hiaso Watari, director of the Second Bureau of the Japanese Army General Staff, the spokesman said. The officers attending the meeting include : Lieut.-Col. Tan Takahashi, chief of the China section of the Army General Staff, Tokyo; Major Naokata Utsunomiya, and Major Shigeki Sakata, assistant military attaches; Major Takeo Imai, assistant military attache, Peiping; Lieut.-Col. Tatoumi Amemiya, resident officer, Nanking; Lieut.-Col. Sakon Watari, resident officer, Hankow; Lieut.-Col. Kanzo Usuda, resident officer, Canton; Lieut.-Col. Yoshio Ishii, Staff officer, Japanese Garrison in North China; Major Junosuke Hamada, also of the Tientsin Garrison; and Major Hiroshi Tamura of the Formosan Army.

Gen. Sung Cheh-yuan, chairman of the Hopei and Chahar Political Council, is anxious to see a merger between his administration and the East Hopei Autonomous Government, but a lack of preparation among Council officials is likely to delay the fusion for the time being, Major-Gen. Seiichi Kita, Japanese Military Attache, told the local Japanese press July 8. "The affairs of the Hopei and Charhar Counicl appear to be rather complicated when one looks at them from here," he said, "but things are much simpler when looked at closely. Conditions have become much more stable since I visited there in December and various activities of the Council appear to be progressing. A lack of human material is holding up progress, but, as soon as this shortcoming is overcome and improvements are carried out, we shall see a rapid development of the region."

WAKASUGI NAMED JAPANESE CONSUL-GENERAL IN SHANGHAI

Kaname Wakasugi, Councillor of the Japanese Embassy in China, was July 14 appointed to serve concurrently as Consul-General in Shanghai. Tatsuo Kawai, Consul-General in Canton, who was originally scheduled to succeed Itaro Ishii in the Shanghai post, has been confined to sick-bed as a result of typhold fever, and succeed by Toyoichi Nakamura, former Consul-General in Foochow.

Itaro Ishii, until recently Japanese Consul-General in Shanghai, said July 9 at Yokohama, he was confident of an early mprovement in Sino-Japanese relations. "Nanking officials now," he told reporters in an interview aboard the m.v. *Asama Maru* on his arrival there from Shanghai, "are mostly men who, while hard to describe as pro-Japanese, certainly are well acquainted with Japan. All we have to hope now is that they act in good faith as we have always hoped for." Japanese economic assistance to China will be impossible before the relations between the two countries return to normalcy, the official said. "China appears to be very earnest in wanting Japanese financial assistance," Mr. Ishii remarked.

WANG KEH-MIN APPOINTED TO HEAD HOPEI-CHAHAR FINANCES

The Hopei and Chahar Political Council accepted July 13 the resignation of General Hsiao Cheng-yin from the post as Chairman of the Economic Committee of the council and appointed Wang Keh-min, acting chairman of the defunct Peiping Political Readjustment. Council, as his successor.

If Mr. Wang is willing to shoulder the responsibility of handling economic affairs in North China, an economic organ on a large scale than the present Economic Affairs Committee of the Hopei-Chahar Political Council may be established in August, according to *Central News*. The proposal, it is understood, is being carefully considered by Mr. Wang.

Wang Keh-min, former acting Chairman of the Peiping Political Affairs Readjustment committee, indicated July 10 that he was not prepared to accept any post with the Hopei and Chahar Political Council. It had been reported that General Sung Cheh-yuan, Chairman of the Council, had offered him the chairmanship of the Council's economic affairs commission, but Mr. Wang now declares that his health permits him to serve only in an advisory capacity. Commenting on reports that Hachiro Arita, the Japanese Minister, had instructed local Japanese officials to "give him absolute support," Mr. Wang said that this was unnecessary as he had arrived in North China without definite proposals or policy. So far as the economic development of North China was concerned, neither China nor Japan had made definite proposals, but he thought that, provided any plans for such development were mutually beneficial, they should be carried out. Mr. Wang added that, while in Shanghai, he saw Mr. Kawagoe, the new Japanese Ambassador to China, and he felt that China and Japan should get closer together owing to political complications. He thought that economic cooperation was the best first step that could be taken towards the readjustment of relations between China and Japan.

The Japanese consular and military authorities in North China have been instructed by General Count Terauchi, the War Minister, and Hachiro Arita, Minister for Foreign Affairs, to give absolute support to Wang Keh-min, newly-appointed Chairman of the Economic Affairs Commission of the Hopei and Chahar Political Council, according to the *Yomiuri Shimbun* July 9.

After a brief stay in the North, Mr. Wang entrained for Nanking July 13 to interview Central authorities. Before his departure, Mr. Wang exchanged views with both Gen. Tashiro, Japanese Commanding Officer in North China, and Mr. Tajiri, Acting Japanese Consul General in Tientsin, on the economic development of North China.

Britain to Spend £190,000,000 on Rearmament This Year

A striking speeding up of Great Britain's re-armament program was revealed July 9 in statements accompanying supplementary Army and Air Force estimates. Added to the previous supplementary naval estimates and the Budget provision for the three Services, the new estimates raise Britain's expenditure on defence to about £190,000,000 this year. The Secretary of State for Air says that the progress being made in the construction of air stations already approved by Parliament is exceeding expectations. The estimates include provision for the first steps in a scheme to extend the supply of aircraft equipment by the erection of factories in which aircraft will be manufactured during the present period of expansion, and which will afterwards be available as a reserve source of supply in war-time. The Air Force supplementary estimates provide £5,000,000 for airplanes and stores, nearly £1,500,000 for armament and ammunition, and £2,000,000 for lands and buildings.

The supplementary estimates, which total £19,652,700 are made up as follows:

Navy	£ 1,059,000
Army	£ 6,600,000
Air Force	£11,700,000
Royal Ordinance factories	£ 293,700

The strength of the Air Force is to be increased by 5,000 to 55,000 airplanes.

British China Fleet Ordered Back from Mediterranean—May Be Increased

Following the lifting of sanctions against Italy, orders were given in London July 10 for the British warships which were rushed to the Mediterranean from Far Eastern waters on the outbreak of the Italo-Ethiopian conflict, to return immediately to the China Station. The China Station, it is understood, will henceforward be kept at full strength, and, it is possible, slightly increased. Two cruisers, the *Berwick* and *Adventure*, and four submarines, are involved in the order to return to the Far East, as are four "D" Class destroyers from Aden.

At the same time the Home Fleet, which had been sent to the Mediterranean, was ordered to resume its former station.

Russia Rebuilding Her Fleet—Naval Works Concentrate on Turbine Construction

It is reported from Leningard and Nikolaiev that the Kirov and Marty works are organizing big turbine departments, which are to enable the factories to construct ship's turbines of any size. The turbines, it is believed, may be used entirely for warships, especially as the majority of the merchant ships under construction or designed will have either Diesel motors or steam engines.

British Empire Union Passes Resolution Opposing Any Surrender of Colonies

A resolution requesting the British Government "to declare unequivocally that it cannot be conceived at present that a moment may come when circumstances might justify the cession of territories under British mandate" was passed by the British Empire Union in London July 11.

The Union further decided to ask the Cabinet, in the course of the coming parliamentary debate on Ottawa Accords, "to strengthen inter-Imperial economic co-operation and revise trade agreements concluded with foreign countries since the Ottawa Conference."

British Banker Discusses Freedom of Seas in Speech in the U.S.

A warning that America's policy on freedom of the seas may prove the danger-point of the next general European war was voiced by P. W. H. Almy, British banker, in an address before the Institute of Public Affairs of the University of Virginia in Charlottesville, July 7.

Montreux Conference Discusses Turkey's Request for Rearming of Dardanelles

An excellent account of the situation confronting the conference at Montreux to discuss the Dardanelles was given in *World Culture* July 1. The signatory powers of the Lausanne Pact have convened in Montreux to discuss the request of Turkey for its re-armament of the Dardenelles. Soviet Russia is requesting free entrance to and from the Black Sea. While France and Rumania sympathize with the Soviet request, opposition has been raised by Italy and Britain. Italy has a great ambition in East Europe. The blockade of the Straits would mean the cessation of the extension of the Italian influence to the East. Although the reason given by Great Britain for its opposition is to prevent the Soviet Naval Forces from becoming a menace to the safety of the Mediterranean Sea, the truth is that, with the fortification of the straits, Great Britain as well as Germany and Italy would be deprived of their facilities to invade Soviet Russia through the Straits. As to Japan she has to follow in the steps of Great Britain in order to strengthen the Anti-Soviet allied forces.

A telegram from Montreux July 8 stated that differences between Britain and Russia, which may cause the sudden return to Moscow of the Soviet delegate and Foreign Commissar, M. Maxim Litvinoff, threatened to cause a breakdown of the Conference. Later message stated that complete accord had been reached between Great Britain and the Soviet Union regarding the passage of warships through the Dardanelles Straits.

Pointing out that Japan has absolutely no relation to the Black Sea, and that her attitude is obviously dictated by the general anti-Soviet course of her policy, Moscow *Pravda* July 1, asked: "Is it necessary to prove that in the Black Sea, and consequently the first place in the right of free exit from it and entrance into it, are firstly interested the Black Sea powers? Is it not clear that the masters of the Black Sea should firstly be the Black Sea powers and not somebody else?"

Japan To Seek Redistribution of Territories and Resources

A redistribution of colonies and natural resources, assertedly necessitated by the failure of the League of Nations to settle the Italo-Ethiopian conflict, will be urged upon Foreign Governments by the Tokyo Foreign Office, a *Domei* message from Tokyo July 9 stated.

Japan Dissatisfied with Emphasis on League at Montreux

Dissatisfaction of Japanese official circles in what they believe represents "too much emphasis" on the League of Nations in the deliberations over the future status of the Dardanelles at Montreux, may lead to Japan's withdrawal from the conference.

Japan Adopts "Wait and See" Policy Towards British Move

A "wait and see" policy is being pursued by the Tokyo Naval authorities towards the reported invocation of the escalator clause of the London Treaty by Great Britain, according to *Domei*.

"Pertinax" Says British Foreign Office Hesitates and Vacillates

France's best-known political commentator, Pertinax, writing in the July issue of *Foreign Affairs* June 18, severely criticizes the British Foreign Office for "hesitation, vacillation and alterations of policy." He attributes this to what he calls the "illogical, sentimental and capricious" character of British public opinion.

Renewed Fighting in Ethiopia

Severe fighting took place near Harar between Italian troops and Ethiopian irregulars, according to despatches from Djibouti end of last week, which added that the Ethiopians eventually withdrew, leaving numerous dead and wounded on the battlefield, while the Italian losses are unknown.

Marshal Graziani Bans Private Radio Stations, Including Those of Legations in Addis Ababa

Marshal Graziani, Viceroy of Ethiopia, has banned the operation of private radio stations in the country. The order affects the transmitters at the British, French and German Legations as well as private sets. Marshal Grazaini in announcing the ban, contended that Italian communications facilities in Ethiopia were adequate for all purposes.

Fourteen Italians Slain by Ethiopians

Going counter to previous official denials, a new communique was issued in Rome July 10 stating that fourteen Italians were slain at Lekemti a few days previously when three Italian airplanes were ambushed, on landing, by Ethiopian warriors. The other ten victims, according to the communique, include two captains, one lieutenant, two sergeants, three privates and two interpreters.

Austria and Germany Sign Conciliation Agreement

Announcement was made July 11 that a reconciliation agreement had been reached between Austria and Germany, the principal elements of which are that Germany recognizes the full sovereignty of Austria, each country undertakes not to interfere in the internal affairs of the other, and that Austria will maintain a policy, particularly towards Germany, on the fundamental idea that Austria recognizes herself as a German state—thus the Rome protocol of 1934 and the Annexes of 1936, as well as the position of Austria, Italy and Hungary as partners thereto, will not be disturbed.

It is generally believed in Europe that the Austro-German accord foreshadows the resuscitiation of the Austro-German-Italian Triple Allaince as it existed before the Great War.

Political Science Association Advocates New Administrative System

That the present areas of provinces in China should be made smaller and the number of provinces be increased was one of the proposals adopted at the second annual convention of the China Political Science Association which adjourned July 5. Most of the provinces in China, according to the drafters of the proposal, are rather large in size and have more than 100 districts each. With such magnitude in size, it is said, it is well-nigh impossible for the provincial governments to effectively supervise the numerous district governments. Following the reorganization of the provinces, the proposal would have the appointment of special commissioners for each province in place of the present system of provincial chairmen.

China's First Income Tax Law Passed by Legislative Yuan

China's first income tax law was passed by the Legislative Yuan at an extraordinary meeting July 9. The law is composed of 22 articles in six chapters. The document which was the subject of heated debate in previous meetings was adopted unanimously by the Legislative Yuan after several important changes were made in the original draft.

According to the law, three classes of earnings are subject to income tax: First, earnings of profit-seeking business enterprises capitalized over $2,000, joint Government-commercial business undertakings and sporadic incomes; second, salaries and earnings of public functionaries, those practicing free professions, and those pursuing other profitable activities; and third, interest accrued from Government bonds, corporation debentures and stocks, and banking deposits.

Detailed provisions are made in the law as to how taxpayers are to report to the collecting authorities the volume of their incomes. The collecting organs, upon receipt of the statement from the taxpayers, are to verify their accuracy and make their own assessement. If a disagreement arises, the tax-payer may apply for a reassessment within twenty days upon receipt of the notice to pay the tax.

Varying degrees of punishment and fines are also provided for delay in submitting income-tax statements or giving false information. The fines stipulated in the law range from sums less than twenty dollars to sums not more than five times the originally taxable amount. In extreme classes violators of the law may be sentenced to prison terms with hard labor for a period not over one year.

During the session several members of the Legislative Yuan reiterated that the law should apply to both Chinese and foreigners residing in China.

Nanking Organ Urges Abolition of Older Forms of Taxation

The *Central China Daily News* urges that taxes of a similar nature to those levied on salaries of public functionaries, and on business profits of craftsmen and merchants should be abolished after the enforcement of the new income tax. The paper also urges the Government to direct its attention to the problem of remedying unemployment at the same time when enforcing the income tax. It is also suggested that since the tax is levied on the basis of universality, there should be no discrimination as to locality and nationality. The reported information to the effect that foreigners resident in any part of this country will be subject to the income tax law on the same basis as Chinese nationals is welcomed by the paper, and it urges the diplomatic quarters to exert great efforts towards this end.

Tientsin-Minted Subsidiary Coins to Be Withdrawn

Energetic efforts for the recall of 10-cent nickel and 1-cent copper coins, which made their appearance in June, are being undertaken by officials of the Hopei and Chahar Council. The currency, which circulated freely at first, recently began to be refused by small shopkeepers and other petty merchants who apparently lacked confidence in their authenticity. It is stated that the coins were minted at the Tientsin Mint under instructions of Gen. Hsiao Chen-ying, recently-removed mayor, who allegedly sought to cover up a $200,000 municipal deficit by means of this issue. The total value of silver, held by various banks in Tientsin city, now amounts to $39,374,202, according to an investigation made by the Reserve Custody Committee for the Peiping-Tientsin Area.

H. O. Tong Admits Failure of Mission Regarding Currency Reforms for Kwangtung

That his mission to Canton in persuading the Kwangtung authorities to adopt the legal tender currency has been fruitless was admitted by H. O. Tong, Shanghai Customs Superintendent and representative of the Ministry of Finance, in an interview in Hongkong, July 11. Though he had brought with him concrete measures from the Central Government for the solution of the Kwangtung currency problem with a view of alleviating the sufferings of the 30 million Cantonese, Mr. Tong said with regret, these proposals had met with a flat rejection by the Kwangtung authorities.

China Supplies Nearly All of U. S. Imports of Silver

Silver to a total value of $10,823,000 was imported by the United States during the week ended July 3 compared with $6,835,000 during the previous week. More than ten million dollars of the total came from China.

Kwangtung Sells $30,000,000 Silver to Japan

A Hongkong message dated July 9 in the *Sin Wen Pao* stated that General Chen Chi-tang has agreed to sell $30,000,000 silver stocks of Kwangtung to Japan for the purchase of arms, ammunitions, etc.

Financial Writer in "Asia" Says Stage Is Set for Establishing Gold Standard in China

The recent agreement with the government of China by which the United States Treasury is to buy silver directly from the Central Bank of China sets the stage for the flotation of a loan to establish the gold standard in China, asserts Eliot Janeway, well-known financial writer, in an article "America and China's Silver," in the July issue of *Asia* Magazine. "The stage is set for a settlement on China's outstanding debts and the flotation of an international loan to establish the gold standard under English auspices. This is the great Japanese bogey. The panic of last November marked the high point of Japanese influence in China. If England and America should be able to agree upon the terms of an international loan to China, the powers would again find themselves playing an active role in China. The Japanese dream of conquering all of China would collapse. So would the silver fallacy and the policy of American isolation in the Pacific."

Chinese Monetary Mission Returns from Washington—K. P. Chen Gives Interview

The Chinese Monetary Mission to Washington, which left China on March 13, consisting of K. P. Chen, the General Manager of the Shanghai Commercial and Savings Bank, Dr. P. W. Kuo, Director of the Bureau of Foreign Trade of the Ministry of Industries, and Y. C. Koo, councillor of the Executive Yuan, returned to Shanghai July 11. Mr. Chen in an interview related how after lengthy conferences and consultations, covering a period of almost seven weeks, the Chinese Ministry of Finance and the U.S. Treasury Department found a formula to cooperate with each other as contained in the official announcements of Minister Kung and Secretary Morgenthau, whereby China agrees to enlarge the use of silver and continue to maintain an independent system of currency while the U.S. agrees to purchase substantial quantities of silver from China and to provide facilities in dollar exchange.

When questioned as to the truth of certain press reports alleging that the mission has made an agreement in London limiting the purchase of silver from China to the Central government, members of the Mission informed the press representatives that owing to the necessity of immediate return to China the Mission did not have time to visit London and therefore has nothing to do with the alleged report.

Hunan Government Get Loans from Government Banks

The Financial Department of the Hunan Provincial Government July 13 secured a loan of $600,000 from the three government banks, the Central Bank of China, the Bank of China and Bank of Communications, to meet the administrative expenses of the province.

Further Details Are Given of the National Government's New Budget

Further detailed figures of various items of Expenditure—Finance, Interior and Judicial—in the National Budget for the 25th fiscal year (July 1, 1936-June 30, 1937), were announced July 3. :—

FINANCIAL AFFAIRS EXPENSES

Ordinary :—

1.—Finance Administration	$1,567,047
2.—Customs Affairs	31,230,424
3.—Salt Affairs	19,773,065
4.—Stamp, Tobacco and Wine Affairs	5,206,127
5.—Consolidated Tax Affairs	4,032,256
6.—Mining Tax Affairs	287,500
7.—Saltpetre and Sulphur Tax	241,014
8.—Other Financial Affairs	804,411
9.—First Reserve Fund	1,000,000
	$64,141,844

Extraordinary :—

1.—Financial Advisers	$200,000
2.—Remittance fees and brokerages collected by Banks on the surtax imposed by the Customs	35,500
3.—Expenses for the Readjustment of Salt-fields in the Huainan District and the purchase of surplus salt of the Mongolian Salt Office at Kowpei	105,628
4.—Initial Expenses for Revenue Inspection and Prevention Corps	10,834
5.—Hopei Saltpetre and Sulphur Bureau	5,040
6.—Expenses for the Readjustment of Public Properties	16,720
	$ 373,722
Total	$64,515,566

INTERIOR AFFAIRS EXPENSES

Ordinary :—

1.—Ministry of Interior and its subordinate organs	$3,895,134
2.—National Health Administration and its subordinate organs	1,113,008
3.—General Relief Commission and its Offices	99,672
4.—Reserve Fund	51,100
	$5,158,914

Extraordinary :—

1.—Ministry of Interior	3,562,964
2.—National Health Administration	114,642
	$3,677,606
Total	$8,836,520

JUDICIAL AFFAIRS EXPENSES

Ordinary :—

1.—Ministry of Judicial Administration and its subordinate organs	$2,112,015
2.—Reserve Fund	21,000
	$2,133,015

Reconstruction Expenses :—

1.—For Organs under the Ministry of Judicial Administration	156,888
2.—For various Provinces	950,995
	$1,107,883
Total	$3,240,898

Air-Raid Maneuvers Staged at Hangchow

Highly successful air-raid maneuvers were carried out at Hangchow July 4, the third of their kind in recent months. When at 2.40 p.m. the siren at the power plant was sounded all traffic stopped instantaneously. Policemen on duty directed the pedestrians to nearby auditoriums, theaters and other public places which were temporarily improvised as refugee quarters. The exercises continued two hours and-a-half. Night raids were also staged, the whole city being plunged into darkness for the occasion.

China Buys Airplane Parts and Machine Guns in U.S.

Exports of arms, ammunition and airplanes from the United States during June totalled $1,807,743 in value, the National Munitions Control Board announced in Washington July 8. Of the total amount, shipments valued at $299,820 went to China. The material bought by China included 236,740 parts for aircraft engines, 49,740 parts for aircraft engines, 49,280 machine-guns and other automatic weapons, 13,800 bomb racks, gun mounts and weapon-release mechanisms.

Eurasia Aviation Corporation's New Hangar Will Require Huge Technical Staff

The new hangar of the Eurasia Aviation Corporation at Lungwha is to be formally opened in the near future. Various technical departments at the Eurasia hangar will require a staff of nearly 100 men, including workers and technicians, and it will be possible to completely overhaul planes of any type. Among other things, there is a modern steel foundry, an electric welding shop and shops for carpentry and paint work. The building has been erected under the direction of F. G. Ede, Manager of the Kun Lea Engineering Company, and the company's engineers.

Anti-Air Exhibition at Chinese Y.M.C.A. in French Concession

An anti-air and gas attack exhibition is being held in the Chinese Y.M.C.A. building in Boulevard de Montigny, Shanghai French Concession. The exhibits include several airplane models and charts and pamphlets giving an illustration of first-aid measures and effective protection from an air raid or a gas attack. Several samples of gas masks are displayed by a Chinese manufacturer.

Airmail and Passenger Service Resumed on Canton-Hanoi Route—Provides Shanghai-Europe Service

Air-mail and passenger service on the Canton-Hanoi (French Indo-China) air route was resumed July 10 under the auspices of the Southwestern Aviation Corporation. Taking off from Canton at 9.30 a.m., the airplane arrived at Nanning, provincial capital of Kwangsi, at 11.10 and at Lungchow at 1 p.m., reaching Hanoi at 2.50 in the afternoon. The opening of this line furnishes an additional airmail route from Shanghai to Europe.

Three Round Trips a Week Provided for Shanghai-Chengtu Service

Beginning July 15 direct air-mail and passenger service on the Shanghai-Chengtu Airway was increased from two to three round thips per week. This service is provided by the China National Aviation Corporation.

North Manchukuo Airways Thrown Open to Public

Air transport facilities between Mukden and Tunghwa, and Harbin and Mutankiang, on the upper reaches of the River Sungari, were thrown open to the public July 8 by the Japanese Kwantung Army, which up to now monopolized the use of the air lines.

Japanese Army Strongly Opposes Communications Ministry's Air Promotion Plan

The Japanese Army, known for some time as demanding creation of a Ministry of Air, is expressing opposition to the Communications Ministry's civil aviation promotion policy as submitted to the Cabinet meeting on national policy July 3, declaring that the plan is lukewarm. The Army has the view that victory or defeat in future war will much depend on the superiority or otherwise of aircrafts. With this view the Army has drafted the new national defense promotion scheme on the basis of promotion of the country's air force.

Aviation Reconstruction Work Placed Under Unified Organ

Aviation reconstruction work in China will hereafter be placed in the hands of a unified organ as a result of the recent amalgamation of the National Aviation Reconstruction Association and the National Aviation Association. The new organ will have its head office in Nanking. The merger was brought about in accordance with a recent decision of the Central Political Council.

Seaplane Service to Be Started Between United States and England in Near Future

A fast seaplane service will shortly be established between England and the United States under the terms of an agreement reached by officials of Imperial Airways and Pan-American Airways. The service will start about Sept. 10.

Filipinos Complete Successful Flight to Madrid

Antonio Arnaiz and Juan Calvo, the Filipinos who had been making a flight by easy stages from Manila, landed at Madrid, Spain, July 11 at 5 p.m.

Japanese Parade Tanks in Peiping—Soldiers Smash Cameras

The Japanese Army staged a formidable military demonstration in the streets of Peiping July 9 when a cavalcade of four large tanks, three small tanks, eight transport trucks full of troops, two six-wheeled military trucks and two cars arrived from Fengtai, south of the ancient capital, entered the City through the South-west Gate, and paraded through the main streets. *Reuter* says the caterpillar treads of the tanks tore up several miles of macadamised streets. The entire cavalcade parked outside the main gate of the Imperial City, while the officers held a tiffin party in the Central Park. The visitors eventually departed for Fengtai at three p.m. Photographers of all nationalities anxious to take pictures were roughly handled by the Japanese, although they were in the main streets of the City, far removed from the only foreign-controlled area, namely, the Legation Quarter.

Francis M. Fisher, a *United Press* correspondent, was violently seized by two armed Japanese soldiers and compelled to surrender his film before he was released. An official from the American Embassy visited the Japanese Embassy almost immediately afterwards and made representations with regard to the incident.

Following the seizure of his film, Mr. Fisher, who was standing before his office in the Nord Hotel, asked to see the commanding officer. He was conducted to the head of the parade by a lieutenant, where for five minutes he spoke with the officer in charge. The latter, refusing to give his name, finally shrugged and said sardonically :—"The Japanese gendarmerie will buy you a new film."

Despite the fact that at first the Japanese military officials were inclined to be heedless of all protests concerning the matter, the upshot of it was that Japanese gendarmes later called on Mr. Fisher at his office, on the order of their commander, and tendered apologies in both Chinese and Japanese. They explained that the soldiers who seized Mr. Fisher did not know that such affairs should be handled by gendarmes and also that the soldiers only recently arrived from Japan, where it is customary to prevent the photographing of military units by civilians. The soldiers, the gendarmes continued, "did not yet fully realize that they were not in their own country, and that a degree of circumspection is necessary outside Japan."

Major-Gen. Takayoshi Matsumuro, head of the Special Service Division of the Japanese Army told the foreign press that the Japanese soldiers had acted in accordance with Japanese military law governing the protection of armaments. The law, he said, does not allow army tanks to be photographed. He maintained that, in spite of the fact that Peiping is foreign territory, the Japanese military have an absolute right to protect their equipment from being photographed. Protests of foreigners against interference with their photographing, he declared, were the result of their superiority complex and a tendency to insist on their own rights and to ignore Japan's.

Fourteen Persons Arrested in Peiping Counterfeiting Case—Two Executed

Fourteen persons have been arrested in Peiping in connection with the discovery of a printing outfit for counterfeiting banknotes. Most of the arrested persons were house servants, who had have been running the plant since the departure of Col. and Mrs. Isaac Newell. The arrested men included Shu Ching-shan, No. 1 boy and caretaker of the house, Shu Ching-hai, his brother, and Shu En-fu, his father. They are alleged to have confessed that they forged dollar notes of the Hopei Provincial Bank to a face value of $10,000 and that most of these notes have been circulating at Kalgan, Tungchow, Paoting and other centres.

Two of the counterfeiters after having been found guilty by court martial, at the headquarters of the Pacification Commission, of printing and passing forged notes were executed at the Bridge of Heaven, outside the Temple of Heaven, July 15. In addition to the two executed ringleaders, ten other suspects are still being held by the police.

Shipments of Smuggled Goods Decline as Result of Closer Inspection

Indicative of the determination on the part of the Chinese authorities concerned to stem the influx of smuggled goods from Tientsin southward, a total of 17 inspection offices were established along the Tientsin-Pukow, Peiping-Hankow and Shanghai-Nanking and Shanghai-Hangchow railways during the month of June. Establishment of these 17 inspection offices along these railway lines and the vigilance of suppression measures, according to Customs information, resulted in a marked decrease of large-scale shipments by rail of contraband to the interior cities from Tientsin, the concentration point of North China smuggling.

Illicit goods in comparatively small quantities, however, continued to find their way from Tientsin to Tsinan and other destinations on the Kiaotsi Railway during the period under review, the contraband being carried by Koreans as personal luggage of passengers.

Nanautao— New Smuggling Base in South China

Realizing the difficulty of carrying out their practice of smuggling in Fukien, in view of the strict inspection services of the Customs, the Japanese and Formosans are making Nanautao their base for smuggling in South China, Wharves, godowns and temporary warehouses have been built by these smugglers in the Island. In addition a special fishing company has been organized. A number of motor boats have been purchased from Japan by this company. These boats will be used for the transportation of smuggled goods. Large quantities of smuggled goods are being distributed along the Fukien coast by these boats.

The latest ruse of illicit traders is to unload smuggled goods at Shantung border towns, whence they are transported to Kiangsu and Honan by mule carts.

Chinese Smugglers Wounded by Inspectors near Hsuchow

Two Chinese smugglers were wounded, when the Customs inspector at Maochen station near Huschow fired at them on the night of July 7. These smugglers tried to unload large quantities of smuggled goods at the Maochen station and refused to stop their operations when challenged by the Customs inspectors.

A gang of ronins July 7 drove out over 130 passengers on Train No. 305 of the Tientsin-Pukow Railway in order to dump contraband for transport south. The consignments of smuggled goods consisted of 120 bags of sugar, 200 packages of artifical silk (rayon) and 30 packages of cigarette paper.

Tientsin Customs Superintendent Resigns

Lin Shih-cheh, Superintendent of the Chinese Customs in Tientsin, tendered his resignation to the Ministry of Finance July 7. Sun Wei-tung has been recommended by General Sung Cheh-yuan as the most suitable successor to Mr. Lin.

Advices from Tientsin state that the rampant smuggling in North China has had a serious effect on the revenue of the Consolidated Tax Bureau for the Hopei-Shansi-Charhar-Suiyuan Area. According to figures released, the Consolidated Tax collected in the Tientsin Area on two important commodities during the past three months shows a progressive drop as follows:— Cotton-yarn Tax $67,467.21 for March; $49,859.15 for April; and $46,251.88 for May. Cigarette Tax $42,272.00 for March; $39,680.00 for April and $32,032.00 for May.

Smuggled Japanese Sugar Being Dumped in Central China

More than 10,000 bags of Japanese smuggled sugar have been dumped in the markets of the Yangtze ports in the past month, according to the *Shun Pao*. A new Hsin Yi Company has been organized by the Japanese smugglers at Wuhu to distribute the smuggled sugar to the interior.

Smuggling Discussed in House of Commons

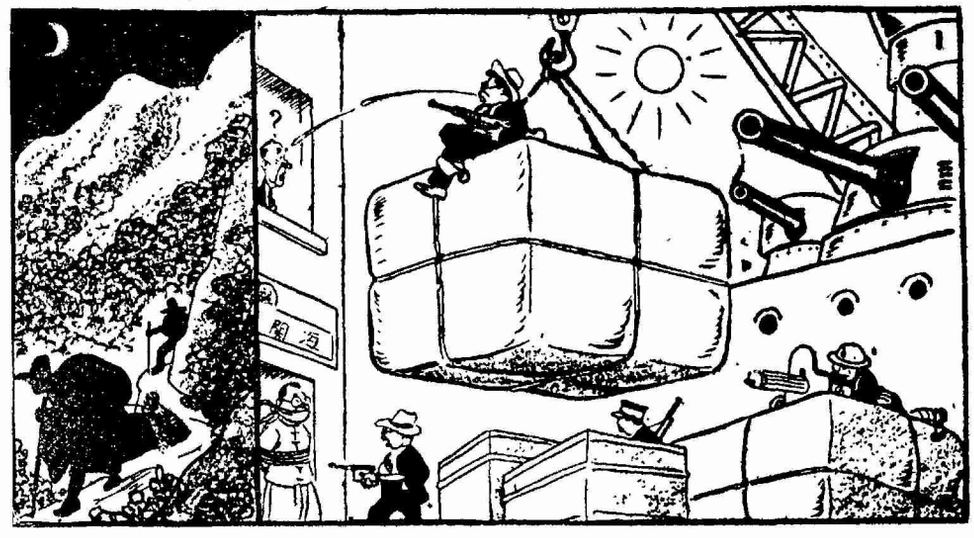
Smuggling in North China was again discussed in the House of Commons July 15. A member inquired as to the result of the discussions with the United States on the problem, and asked whether it was expected they would lead to combined action.

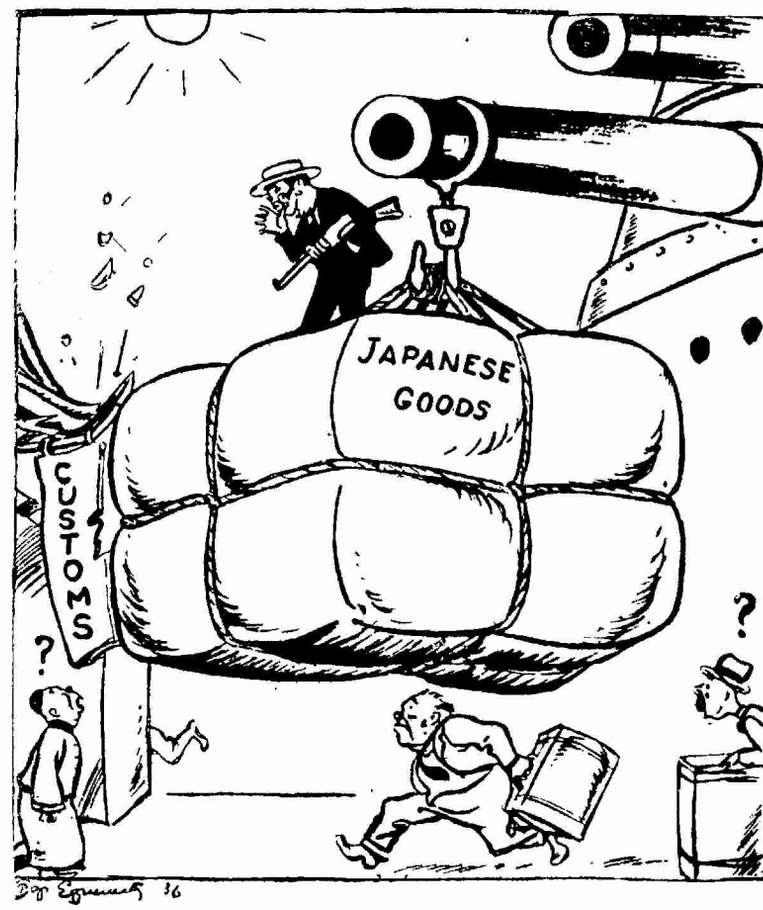
The Foreign Secretary, Anthony Eden, said he had nothing to add to his previous answer. At present he did not think there was any further action the Government could usefully take.

A Labor member inquired whether British interests were seriously affected; also whether orders would be issued to the China squadron.

Mr. Eden replied: "It is because British interests are affected that we have taken these steps."

AS THE SOVIET RUSSIANS VIEW JAPANESE SMUGGLING





Two Soviet newspapers used the same idea in cartooning Japan's smuggling-at-the-point-of-a-gun in North China. The upper cartoon, reproduced from the *China Daily Herald*, was labeled "Before" and "Now," meaning that while smuggling was previously conducted as a surreptitious enterprise, it is now conducted openly under the protection of the Japanese armed forces. The lower cartoon from the *Moscow News* used a somewhat similar theme, except that it showed a figure suspiciously like John Bull about to be crushed by a bale of smuggled Japanese goods.

Japanese War Office Diplomacy

BY CHANG PING-CHUN

Condensed Translation from "Eastern Miscellany" June 1, 1936.

IF we wish to know something about the diplomacy of Japanese militarists, we should first trace the history of the Japanese War Office, by which we mean the group of militarists who maintain close contact with Japanese politicians occupying a special position to control national affairs.

After the reforms made during the reign of the Emperor Meiji the feudal lords expanded their influence and effected absolute control over political affairs. Following the Sino-Japanese and the Russo-Japanese Wars their influence was further augmented. Ever since its success in Manchuria as a result of the Mukden Incident in 1931, the Japanese War Office has extended its control over administrative power. The Japanese people and even the Premier himself have to take orders from this War Office, which is, in fact, a super-Government.

The power of the Japanese Government is extremely complicated, but the special power of the War Office was partly brought about by its brilliant history and military strength. The reason, however, is that the Japanese constitution has vested the War Office with special rights to control Government affairs.

With these special privileges, including the right of direct appeal to the Throne, the Japanese War Office is able to do practically what it likes in regard to the conduct of administrative affairs.

The Japanese Government is generally regarded as a dual-Government (composed of the Cabinet and those having the right of appeal to the Throne); and that the Japanese have a dual-diplomacy (i.e. the diplomacy of the Foreign Office and that of the Chief of Staff's department). As a matter of fact, it has been now shown that there is only one Government and one Foreign Office, under the absolute control of the War Office, which is in a position to overthrow any Cabinet just as it pleases, and to interfere with political affairs by making use of its special right of appeal to the Throne.

Without first obtaining the permission of the Cabinet, the War Office actually mobilized Japanese forces for war. The Japanese incursion into Siberia was conducted in defiance of the instructions of the Cabinet. When the Japanese Army invaded the North-eastern provinces, the Cabinet had no knowledge of the action of the militarists, much less giving approval for such act. The distribution by the War Office and by the Japanese garrison in Tientsin of leaflets concerning national-defence diplomacy proves the strengthening of the diplomacy of the War Office. The so-called dual diplomacy was a fact of the past. Japanese diplomacy at present is actually the diplomacy of the War Office.

The Cabinet has no real control over the Japanese land, naval and Air forces, which in name are under the direct control of the Emperor. Though it was stipulated in Article 11 of the Constitution that the forces would be controlled by the Emperor, such control, in fact, has been taken over by the War Offices, which consequently is actually the highest organ to give effect to decisions regarding external military relations. The diplomacy of the War Office may be analyzed as follows:

Tokyo War Office—the Headquarters of Foreign Affairs

The Tokyo War Office is a general name for the Military Headquarters, the Military Council, the Chief-of-Staff's Department, Naval Headquarters, etc., all of which are under the nominal control of the Emperor. Utilizing this tremendous influence these organizations interfere with political affairs, and their decision is tantamount to final approval by the War Office. In other words, they are really responsible for the diplomacy adopted by the War Office.

The Kwantung Army and Japanese Diplomacy

The Kwantung Army Headquarters was established in the North-eastern provinces after the conclusion of the Russo-Japanese War in 1905. At that time, a Kwantung Yamen was established and later the control of military and political affairs was separated. The Kwantung Army Headquarters, which was given full military control, is also enabled to make direct appeal to the Throne, and its chief object is to carry out Japanese continental policy in accordance with instructions from the Tokyo War Office. Furthermore, it has effected close cooperation with the South Manchurian Railway authorities for economic expansion. In brief, the Kwantung Army is the chief instrument of the War Office for the expansion of Japanese influence in Manchuria. While fighting desperately to protect Japanese interests in Manchuria, it has been incessantly pushing forward with the continental policy, and having achieved its aim in Manchuria, the attention of the Kwantung Army has been shifted to Outer Mongolia.

Vanguard of War Office Diplomacy

Japanese military officers in Peiping, Tientsin, Nanking and Shanghai really form the vanguard in carrying out the diplomace of the War Office. Their object is to seek the first opportunity for an expansion of War Office Diplomacy, and to handle thy so-called local negotiations with the Chinese authorities.

To effect close contact with each other, these military officers frequently meet in important conferences, expressing their observations of conditions in a certain district and making proposals for the expansion of Japanese influence. These meetings are usually attended by an officer with long experience in China, sent by the War Office. The importance of such conference was clearly shown by the fact, that closely following the conclusion of such parleys, the Japanese War Office has taken further effective steps to extend its influence in China.

The Japanese garrison armies stationed in different places form the right and left flanks of the diplomacy of the War Office. The special rights claimed by these garrisons were brought into existence by the unequal treaties. In addition to Legation Guards and military officers, garrison forces are stationed in the Peiping and Tientsin areas. The actions of a Japanese garrison army may be taken to represent the diplomacy of the War Office. In places where Japanese garrisons are stationed, we always find trouble being created by traitors, such as the so-called autonomous movements. The conditions existing in Peiping and Tientsin are ample proof of this.

Japanese *ronin* and newspapermen are actually extra units employed to carry out the diplomacy of the War Office. *Ronin* and journalists are both extremely active, inventing and disseminating political rumors in their effort to camouflage the execution of Japanese continental policy.

The Struggle Between Naval and Military Factions

Rivalry between the military and naval factions marks the whole history of Japanese diplomacy. Coming to more recent events, the Mukden Incident was started by the military, while the Shanghai hostilities were initiated by the naval. The military faction has insisted on the carrying-out of the "continental policy," while a different policy has been strongly supported by the naval faction. The development of the continental (northward) policy or naval (southward) policy will depend on the outcome of the struggle between these two factions.

Three-Party Rivalry in the War Office

There has always been a bitter struggle between the three parties in the War Office.

(a) The "Control" party, led by the former War Minister, Senjuro Hayashi, occupied a favorable position among senior officers.

(b) The Drastic or Righteous party, under the command of Sadao Araki, found support among younger officers.

(c) The Liquidating or Centre party, led by Matsui, has close contact with important members of both the military and naval forces.

All three parties insist on external expansion, their common object being to deprive the War Minister of his authority by instigating revolt among young officers.

In addition to the three different parties, there are also two main cliques in the War Office, namely the young militarists and the conservative group.

The diplomacy of the War Office is influenced not only by the three factions of the military and naval forces but also by the young militarists, where control extends not only to diplomatic but also to political affairs, It has been generally agreed that the Japanese Governmet is a dual government, but we should remember that the War Office is also a dual institution, with the different departments on one side and the young militarists' clique on the other.

For this reason, it follows that there is also a dual diplomacy of the War Office. While the diplomacy of the Japanese Government has to be controlled by the War Office, the latter's diplomacy has also to be conducted in accordance with the wishes of the young militarists.

Aside from the diplomatic activities of the War Office, the function of the Foreign Office still continues, although as a matter of fact, the War Office has definitely deprived the Foreign Office of its full and proper functions.

U. S. Treasury Representatives Confer in Shanghai

Martin G. Scott, U. S. Treasury Attache in Japan, stationed at Kobe, and Arthur J. Campbell, Representative of the U. S. Treasury Department stationed at Hongkong, spent several days in Shanghai last week conferring with M. R. Nicholson, U. S. Treasury representative in Shanghai, proir to sailing for the United States on leave. Mr. Nicholson recently returned to Shanghai from a trip to Washington, accompanied K. P. Chen and P. W. Kuo, representatives of the Chinese Ministry of Finance, who signed a silver purchase agreement with the U. S. Treasury Department.

Japanese Civilian Murdered in Almost Same Spot as Nakayama Was Killed Last November

The hearing of evidence in the trial of three Cantonese, Yih Hai-sen ("Hsiao Kwangtung"), Yang Ven-tao and Chow Zeu-young, charged with the murder of H. Nakayama, a Japanese marine, on November 9 last, was concluded at the First Special District Court in Shanghai July 10. The principal evidence was given by a man known as "Jack, the Korean." His presence as a witness had been repeatedly requested by the Chinese Judge. He was escorted to Court by Japanese officials. No light, however, was thrown on the case by the Korean witness who denied any knowledge of the plot to kill certain Japanese alleged by Yih Hai-sen at various hearings in the District Court. Jack told the Judge it was true he had known the "Little Cantonese" for about three years, but that, since he was involved in a cabaret scuffle with Yih Hai-sen in July or August last year, he had not seen the latter until he was arrested in February this year on suspicion of being involved in Nakayama's murder. Jack admitted having brought a letter of introduction signed by one Costa to see Yih Hai-sen in Tsingtao some time in June last year, but explained that he did not ask Costa to write this letter, it being Costa's own idea to give him this letter to help him to find accommodation during his first visit to Tsingtao. G. R. Grove, counsel for the accused, referring to a report of the Judicial Laboratories, that no finger prints of yang's had been found on a book supposed to have been in his possession intimated that the book had been plased in his room by the police. Decision in the case was expected to be given by Judge Hung-Yeh Dzien July 17.

Japanese Civilian Murdered Near Scene of Nakayama Crime

On the night of the day (July 10) that the Nakayama tis case was coming to a close in the District Court, a Japanese civilian was murdered in almost the same spot where the Japanese marine was murdered on the night of July 10. The victim was Kosaku Kayau, a Japanese sea-food broker, 32 years old, employed by the Misuibishi Trading Co. He was shot through the back of the head by an unknown assailant in Chi Mei Road, just a few steps north of Dixwell Road, The victim was carrying a baby at the time and the blood from the wound spurted on to its clothes.

As a result of the shooting the Japanese Naval Landing Party turned out in large numbers in full campaign kit.

Arata Sugihara, acting Japanese Consul-General, the same morning announced that he had asked Gen. Tsai Ching-chun, Director of the Bureau of Public Safety of Greater Shanghai, to leave no stone unturned in his search for the assailant, adding that he had he warned Gen. Tsai to take stricter steps for the protection of Japanese residents in Chinese territory. A similar communication was addressed by Mr. Sugihara to Major F. W. Gerrard, Commissioner of the Shanghai Municipal Police. "It was only the day previously, "Mr. Sugihara said, "that I called on Gen. Wu Te-chen, Mayor of the Shanghai Municipality, to exchange promises of co-operation in the promotion of Sino-Japanese amity through the prevention of untoward incidents."

Arising out of the disordered state of the street traffic following the murder a collision occurred about two hours later between a machine gun motor cycle in which two Japanese sailors were driving and an automobile said to have been driven by a Mr. Brooke, a British employee of the Chinese Maritime Customs. The motor cycle was completely demolished and the two Japanese sailors were sent to hospital in a seriously injured condition. Mr. Brooke was escorted to the Dixwell Road Police station.

Two Chinese witnesses were examined July 13 by the Chinese Bureau of Public Safety, one a hawker and the other a ricsha puller, but from a crime detection point of view their statements were worthless. One of the theories on which the Police are working is that Kayau was interested in a Korean dancing girl and that the girl's sweetheart plotted the attack because of jealousy. Investigations are also being made with a view to establishing whether the murder may have some connection with another attack made on a Japanese in the same neighborbood on Monday of last week, when a barber named Kurimoto heard two sharp shots coming from behind him. He recognized them as the clicks of a pistol trigger which had been pulled. A few moments later, according to his report to the police, a Chinese in a long black gown ran past him, turned sharply and aimed at him with a dark object which resembled a gun. There was another trigger click, but still no shot. The Chinese, Kurimoto said, dashed into a lane adjoining the Japanese Garden, but a subsequent search failed to locate him.

No Clues to Murder Found

Despite the strenuous efforts made by the police of the Chinese controlled area, the Foreign Settlement Police and the Japanese authorities and the posting of rewards of $2,000 and $1,000 by the Public Safety Bureau, respectively for guiding the police in the arrest of the culprit or for supplying information leading to the arrest of the murderer, no real clue has so far been found. Some accounts stated that a revolver was found near the scene of the crime, while others denied this. The murder has, naturally, caused an outburst of indignation in Japanese circles, although it is to be noted that the military faction is not so vociferous as it was on the previous occasion when a service man was murdered. The *Domei* news service reported July 7 that feelings in the Japanese Community appeared to be eased with the realization that Chinese, Settlement and Japanese military and diplomatic authorities were sparing no effort to solve the slaying and prevent the recurrence of similar events. Arata Sugihara, Japanese acting Consul General, was quoted in the *Mainichi* as having counselled Mr. Amano, president of the Japanese Resident's Corporation, against allowing his organization to be stampeded into supporting a movement for the calling of a mass meeting of the Japanese residents to discuss the situation.

Warning that the Japanese Special Naval Landing Party may be "compelled to take such steps as it considers necessary at any time that it should find that the Chinese authorities lack the good faith or the ability to maintain order to protect the lives and property of our residents" was issued July 6 by Vice-Admiral Eijiro Kondo, commandant of the Nipponese marine force in a statement commenting on the Kayau slaying. He recalled that eight months had elapsed since the killing of Warrant Officer Hideo Nakayama on Darroch Road, and yet the Chinese officials were "unable even to arrest the criminal. This had to be done by the Shanghai Municipal Council authorities." "In the course of the trial of the criminal, we had to serve several warnings upon the Chinese in view of their apparent failure to appreciate the seriousness of the case and to deal with the issue conscientiously and with the necessary care," the Commandant's statement said.

Mr. Sugihara, acting Japanese Consul-General here, called at the City Government of Greater Shanghai, requesting the Chinese municipal authorities to redouble their efforts in apprehending the culprit and take stricter steps for the protection of Japanese residents in Chinese territory. In reply, O. K. Yui, Secretary-General of the City Government, assured the Japanese consular official that the Chinese authorities would do their utmost in bringing the murderer to book. He further urged that local Japanese circles should maintain a calm attitude pending the settlement of this case, so that the nervous situation that followed the Nakayama case last November would not repeated.

The Japanese Special Naval Landing Party July 11 increased the number of patrols touring such districts in Shanghai as are thickly populated by Japanese residents. It was also announced that the Landing Party commander planned to establish new branch patrol offices in the eastern and western cotton mill districts, the Dixwell Road area, and in the Hongkew district.

The Shanghai *Nippo* reported that another incident took place on Dixwell road July 12, when a Japanese office attached to the Third Fleet was stoned by several Chinese and was also abused with foul language while he was driving by in a motor cycle. The Japanese officer immediately stopped his car and gave chase to the Chinese, who disappeared in an alleyway.

Japanese Try to Force Verdict of Guilty

Judgment was due to be given in the Nakayama case July 17. *Domei* stated that Shigeru Kawagoe, Ambassador to China, spent the entire morning and most of the afternoon conferring with Yakichiro Suma, Consul-General in Nanking, who had arrived here on a hurried summons from the envoy. Mr. Suma made a detailed report to Mr. Kawagoe regarding his interview with Hsu Mo, Vice-Minister for Foreign Affairs, on July 12 during which he called the attention of the Chinese Government to the fact that an "ambiguous" verdict in the case would seriously affect the Sino-Japanese diplomatic relations. The Consul-General told Mr. Hsu that the general tenor of the last session of the court, on July 10, was favorable to the two principal defendants, Yih Hai-sen and Yang Ven-tao, although there was "no doubt that they were guilty of the crime of which they were accused." Staff officers of the Third Fleet and the Special Naval Landing Party during the week continued to confer on the possible verdict in the case. Naval officials intimated that if the First Special District Court fails to bring in a verdict "justified by the defendants' confessions and the evidence," the Navy would take "all necessary steps," foreshadowed in a statement issued on July 11 by Vice-Admiral Eijiro Kondo, Commander-in-chief of the Special Naval Landing Party. In his statement, issued in connection with the assassination of Mr. Kayao, the officer declared that the Naval Landing Party may be "compelled to take such steps as it considers necessary at any time that it should find that the Chinese authorities lack the good faith or the ability to maintain order or to protect the lives and property of our residents."

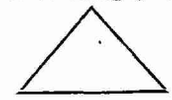
"In the course of the trial of the criminals," the statement said, "we had to serve several warnings upon the Chinese in view of

(*Continued on page 257*)

CUSTOMS NOTIFICATION NO. 1527

With reference to Customs Notifications Nos. 1242 and 1257, regarding the marking and numbering of import cargo, as requests for information show that the public are frequently in doubt on this matter, a summary of present Customs requirements in this connection is given below and will be strictly enforced from the 12th October next.

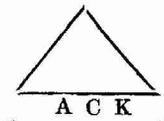
1. The object of the regulation is to enable the Customs to identify readily each package of cargo by its marks and numbers alone.
2. (a) All import cargo must bear a mark which should be a distinctive design, *e. g.*,



or set of not less than three letters, *e. g.*,

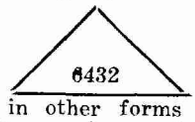
A C K

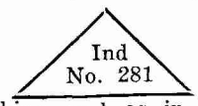
or a combination of a distinctive design and letters, *e. g.*,

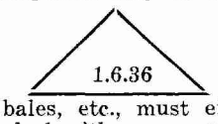


indelibly painted, stencilled, stamped or burnt on the packing of the cargo or if there is no packing, on the cargo itself for the purpose of identification.

(b) For cargo packed in cases, boxes, crates, casks, drums and cylinders, unless each package bears a separate number which is not repeated over a period of at least two years, the mark must be further amplified by a distinctive non-recurring number or date special to the individual consignment. This number may be either the individual shipment number or the indent number, or the date of shipment may be used instead, *e. g.*,







Cargo in other forms of packing such as in bags, bales, etc., must either bear a non-recurring number or date as above or be indelibly marked with a non-recurring set of not less than three letters.

3. In addition to bearing a mark such as laid down in § 2, all consignments of import cargo must be numbered, *i. e.*, each package must bear an individual number of a consecutive series, *e. g.*, 10, 11, 12, 13, etc. Numbering, however, is not essential for large lots of cargo except when packed in cases, boxes or crates, provided that each package of the consignment contains identical cargo of identical weight.
4. The following exceptions to the general ruling laid down in §§ 2 and 3 are allowed:—

(a) The following uncased cargo may be marked as shown below:

Angles, Bars, Bar Ends, Shaftings, etc.	To be splashed with coloured paint at the ends (green, white and red).
Cobbles.	To be splashed with paint or marked with metal tags attached.
Iron or Steel Sheets and Plates.	To be marked in accordance with § 2 in paint.
Leather of every description.	To be chopped in accordance with § 2.
Pipes and Tubes.	To be marked with linen or metal tags attached.
Ropes in coils.	To be marked with linen, canvas or metal tags attached.
Timber in logs.	The mark, *i. e.*, mark or number, to be punched in or painted on.
Wire and Wire Shorts.	To be marked with metal tags attached.

Any other cargo which owing to the nature of the goods or packing cannot be indelibly marked as laid down in § 2 is to have linen or metal tags bearing the proper mark attached.

(b) Numbering of individual packages will not be insisted on (providing that the marks are sufficiently distinctive) for tinned plates and other articles intended solely for the use of the importing firm, its agencies or factories and not intended for re-export to another open port.

(c) Marking with a non-recurring shipment number, etc. as laid down in § 2 (b) or numbering will not be insisted on for fresh fish, fruit or vegetables, but in this event all re-export privileges will be forfeited.

5. Cargo which does not comply with the above requirements will have to be re-marked under Customs supervision on payment of the usual fee of $16.00 for 4 hours or part thereof. If two or more lots of cargo whether arriving by the same or different steamers, are stored in the same godown, and are found to bear identical or very similar marks and numbers, the cargo will also have to be re-marked even though it comes from different ports and is applied for by different importers or consignees. It is therefore to the merchants' interest to see that their cargo is distinctively marked and numbered. The ruling of § 2 (b) which has hitherto not been insisted on will be strictly enforced from the 12th October, 1936, after which date all cargo which does not comply with the requirements of § 2 (b) will have to be re-marked under Customs supervision on payment of the usual fee.
6. When whole consignments of cargo consist of packages with identical contents and of identical weight, and part only is applied for, the individual case numbers need not be declared on the covering application, it being sufficiently to give the inclusive case numbers for the whole lot, *e. g.*, 10 packages ex lot 1/100.

PAUL BARENTZEN,
Commissioner of Customs.

CUSTOM HOUSE,
Shanghai, 8th July, 1936.

Kaspe Case Appealed to Japanese Judges in Harbin High Court

BY THE REVIEW'S HARBIN CORRESPONDENT

AS expected, the favorable impression created by the imposition of heavy penalties upon "white" Russian gangsters, convicted of the murder of Semeon Kaspe, a young Jewish pianist and French citizen, committed late in 1933, has been completely dispelled by the later developments around this extraordinary case. Powerful influences seem to be at work behind the curtain for the complete exoneration of the culprits, their efforts having already brought about the most unexpected result; the sentence of the Harbin District Court imposing capital punishment on N. Martinov, A. Shandar, N. Kirichenko and Y. Zaitseff, and life penal servitude on D. Komissarenko and P. Besruchkuo, has been invalidated by the Changchun authorities for reasons not made public. The authorities at Changchun, besides, committed the case for a complete re-trial by the court of second instance, the Harbin High Court.

The case was heard by the District Court in accordance with the "Provisional Law for Punishment of Banditry," enacted in 1932 primarily against Chinese "bandits," "volunteers" and other anti-Japanese Manchukuo elements, the principal feature of which is the imposition of capital punishment on convicted "bandits." It is correct to say that the Kaspe case is the first one ever to be tried publicly under this "law," whereas numerous "bandits" and "volunteers" arrested for their anti-Manchukuo activities appear to have been disposed of in some unknown manner. According to this "law" or—rather—Pu Yi's "ukase," the sentence is to be enforced within ten days after its enactment, provided it has not been invalidated by the Supreme Court in Changchun. Evidently, this Court or some other authority took advantage of this provision and rescinded the sentence of the Harbin District Court, remanding it for re-trial by the High Court in Harbin, which appears to be the court of second instance in this case.

There is another notable provision in this "law," that the sentences cannot be appealed, but, in defiance of it, the accused appealed through their counsel, to Pu Yi himself for clemency. It is of interest, to know whether, if the accused were Chinese "bandits," such an extraordinary privilege would have been accorded to them. As matters stand now, the accused have not appealed to the higher court, appeal to which—as stated—is prohibited to them, but the Supreme Court itself came down to them and rescinded the whole procedure, which has been dragging on since the end of 1933. Now the whole show is to be enacted again, this time at the hands of the High Court in Harbin.

M. Chambon, French Vice-Consul, who took an actively part in the unearthing of the whole affair soon after its perpetration in 1933, appears to have been fundamentally correct when, from the outset, he maintained that certain "white" Russians connected with the Manchukuo police in Harbin on the one hand and with "a certain political party" on the other were behind the crime. The affair has had a most startling sequel, the so-called Russian Fascist Party, which—to tell the truth—apparently consists of the most dangerous element in town and which so far had disclaimed any connection with the crime, all of a sudden, got busy and started to collect signatures to a petition to be submitted to the "emperor" himself. According to their paper *Nash Put* (subsidized by the Japanese military mission) they have already collected 2,978 signatures to this document, which, however, was not submitted, due to the said action of the Changchun authorities themselves.

The "White Russian" Influence

It will be recalled that at the time (end of 1933,) the efforts of M. Chambon raised numerous protests from the "ultra-patriotic" organizations that no Russian political party of any color was involved in this matter, following which M. Chambon had to quit Harbin, having been transferred to Tientsin. There is no doubt whatever that the gangsters were brought to court only through the efforts of the French Vice-Consul, otherwise the case would have been left in oblivion and forgotten completely, as was the case with Kaufmann, Alter and other victims, kidnapped and murdered about that time. A popular belief puts all these deeds at the door of the same gang, headed by N. Martinov, then deputy chief of the C.I.D. of the Harbin police, and A. Shandar, member of the "White" Russian Committee in Harbin.

A year or so before this case, Martinov himself killed a Mr. Argunov, colonel in the Czarist Army, allegedly by sheer mistake, for which he received no punishment of any kind, but instead continuing his service with the Manchukuo police right up to the kindapping of Semeon Kaspe. It is surmised that Argunov, as his friend, knew his inner plans and did not approve of them, this being the reason why Martinov disposed of him in this bloody manner. He "got away with" the explanation that his service pistol, carried in a pocket, was discharged accidentally, killing the man on the spot, then walking side by isde with Martinov.

All is unusual in this case. Firstly, when handing the accused over to the court for trial, O. Eguchi, then chief of the C.I.D. of the Harbin police, submitted a memorandum to the effect that, in his opinion, the crime was committed from highly patriotic motives and that, therefore, the men deserved the most lenient treatment by the court. The memorandum appeared to be quite in line with the prevailing tendency in Japan to exonerate political murderers, which was apparently thought to be applicable to the Kaspe case too. In the meantime, the official press of Manchukuo did its best to white-wash Martinov and his gang, describing them as martyrs for the cause of Holy Russia (also of Japan and Manchukuo,) as they were allegedly fighting against Communists and their blood-thirsty Internationale.

Another noteworthy aspect of this case is that the sentence was pronounced only after the *second* trial, the first trial having been suspended in the middle of proceedings. For the first time, the accused were brought to court on June 7, 1935, that is, a year and half after the crime—all this, while they were allegedly under a preliminary investigation. The trial dragged on for another half of a year, until it was brought to a sudden end December 25, 1935, allegedly in view of the transfer of the judge (Chang Pin,) trying the case, to some other, undisclosed, post. Why this transfer of the judge in the middle of such an important case was necessitated has never been explained by the authorities concerned.

Japanese Judges to Try Case?

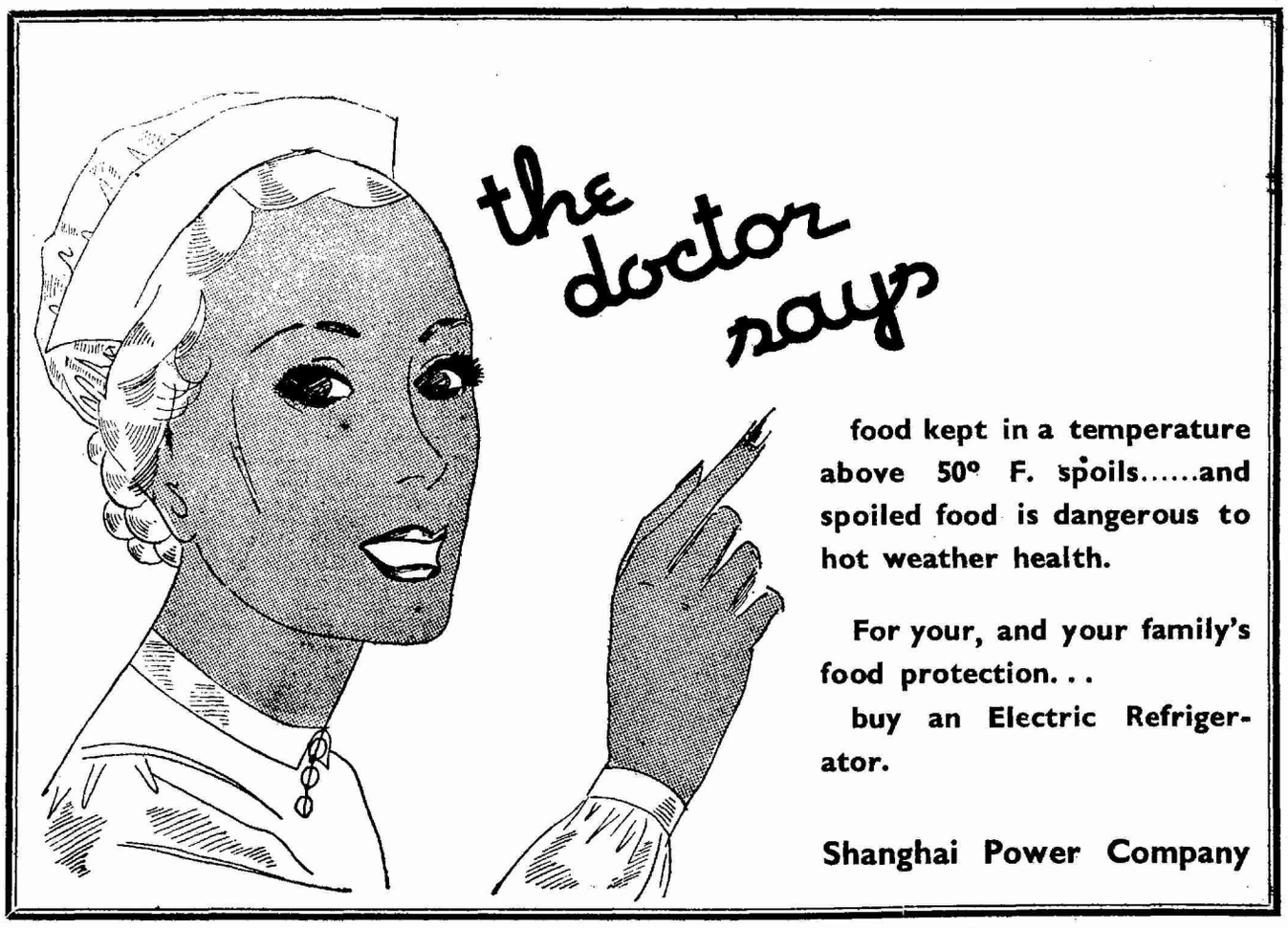
A new trial was opened on March 23 last by the new court composed of Judge Liu, Prosecutor Kao Chuan and Interpreter Wang, which was at last brought to a successful end as far as it concerned the District Court on June 14 last, when all the accused were found guilty of the murder of Semeon Kaspe and sentenced to various penalties, as stated in the preceding lines. Now, however, it turns out that the case is not at an end at all. It is surmised that, this time, the case will be tried by the Japanese judges, Messrs. Yamaguchi and Harano, assisted by a Manchukuoan judge to be appointed later (see the *Harbin Times* for June 29). When the court will sit to conduct the trial is not known, probably at the end of July.

Another unusual side of the case is the fact that Judge Liu (of the second trial) turned out a little sterner than the "super-patriots" had expected him to be; he imposed heavier penalties than demanded by prosecution, which at the hearing on April 27 last demanded the following penalties: 15 years of penal servitude for Martinov and Shandar, 11 years of penal servitude for Komissarenko and Zaitseff and two and-a-half years imprisonment for Besruchko. Against this, the Court sentenced the four accused to capital punishment, the other two having been sentenced to life penal servitude.

When demanding such penalties, Prosecutor Kao Chuan argued that there was an exceedingly mitigating circumstance in this case, that it had been committed for a patriotic purpose, therefore he thought the accused were not ordinary "bandits" to be tried under the "Provisional Law for Punishment of Banditry" but they should rather be tried in accordance with the ordinary criminal code, which—it should be stated—does not provide capital punishment for murders. Arguing in this wise, the "Prosecutor" went so far as to contradict the bill of indictment (compiled under his own supervision), which charged the accused with "banditry" and demanded penalties provided for in the "law" covering such crimes. Such juggling with "laws" is possible only in Manchukuo, for it is not the practice of prosecuting attorneys in other countries to demand, as if by a second thought, a punishment at variance with the bill of indictment.

Reporting this last minute change in the attitude of the prosecution in the Kaspe case, the *Harbin Times*, *Nash Put* and other subsidized papers, expressed complete satisfaction with the turn the case was taking in court and assured the readers that no capital punishment would be imposed upon the "martyrs." Great was their astonishment when the presiding Judge Liu pronounced heavier penalties on the accused, finding not a single mitigating circumstance, about which the counsel for defence and the "State" prosecutor talked during many a hearing.

The old saying that dead men tell no tales is especially true in this case, for the accused and their counsel have built up their defence on the premises that S. Kapse was not murdered by anyone in the dock, but by their pal, Galushko, subsequently killed in the shooting affray with the police. On this head, however, the statements of the French Consul and the chief of the Harbin police materially differ, the Consul stating that Galushko was not killed by the police but by his pal, Komissarenko, who being compelled to assist the police in rounding-up the culprits had allegedly snatched a pistol from Nakamura, a gendarmery agent, and killed Galushko on the spot. This statement was branded by the police as untrue in every respect, their statement being to the effect that all policemen and gendarmery agents had acted in this affray with the utmost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courage and credit to themselves, although M. Chambon appeared to have had a different opinion on this head. Furthermore, it is a popular belief in Harbin that S. Kaspe was not killed by Galushko, as maintained by defence and prosecution, but by Kirichenko, one of the accused, who allegedly was also the actual cutter of Kaspe's ear, afterwards sent to his father with a ransom note. Since Galushko is dead and can tell no tales, it it appears that everything is being heaped on him as if he were a prime mover in this crime.

Harbin, July 8, 1936.

Japanese Say China-German Trade Treaty Contains War Clause

The so-called Sino-German Trade Treaty has roused considerable attention from the Japanese. The Shanghai *Nichi Nichi* July 11 stated that the following article is contained in the secret pact:

> "That in the event of China's declaration of war with a third nation, Germany should supply China with arms and ammunition."

Military significance should, therefore, be attached to such a trade agreement, the *Mainichi* commented, which added, "It is generally believed thta Japan will not and cannot tolerate the existence of such a treaty. The third nation mentioned in the pact obviously points to Japan."

Tokyo "Hochi" Raps Germany for Pact with China

In the first editorial outburst against the reported conclusion of a secret Sino-German "barter" trade pact, the Tokyo *Hochi*, prominent daily newspaper July 11 took the Berlin authorities to task for having made such an agreement. "Why is it that Germany plans to aid China in a military way and attempts to strengthen China's armed resistance to Japan, when Germany and Japan may possibly be forced to co-operate in the future by developments in the international situation, whether they are both willing or not?" the daily said. According to reports appearing in the Tokyo dailies, the agreement consists of three major parts. The first stipulates that Germany shall provide China with armaments should the latter be menaced by an attack from a third party. The second provides a list of goods to be exported from China to Germany, while the third sets forth the kind and the quantities of munitions to be supplied by the Reich. While official circles in Tokyo refused to comment on the reports, newspapers in the Japanese capital declared it was necessary to clear up the situation so as to dispel any migsivings. They suggested that the terms of the pact should be published.

Declaring that he was without official information on the subject, the spokesman for the Japanese Foreign Office July 10 refused to answer questions of foreign newspaper correspondents regarding the reported terms of a Sino-German "barter" trade agreement.

The *London Times* correspondent at Berlin July 7 stated that the Sino-German trade agreement was not directly negotiated by the German Government, but by the Klein consortium, a business amalgamation which handles contracts in China. The agreement, he added, provides that certain Chinese products, including metals, required by Germany shall be paid for by Germany in goods.

German-Japanese Society Formed

In the presence of a large number of distinguished Japanese and German officials, the German-Japanese Society was inaugurated at Seki, a small town in Gifu Prefecture, July 10. Among the notables present were: Viscount Yoshitami Matsudaira, Master of Ceremonies of the Imperial Court, and Chiaki Ban, Governor of Gifu Prefecture. Seki sprang into prominence last month, when her swordsmiths, famous all over Japan, presented an ancient Samurai sword to Reichsfuehrer Adolf Hitler.

Tai Chi-tao Visits Baron Von Neurath, German Foreign Minister

Baron Constantin von Neurath, Reich Foreign Minister, interrupted his vacation July 8 to receive Tai Chi-tao, president of the Chinese Examination Yuan and head of the Chinese Olympic Team, who was accompanied by the Chinese Ambassador to Germany, Dr. Chen Tien-fang. Later Marshal von Vlomberg, the Defence Minister, entertained Mr. Tai at dinner, after which the president of the Examination Yuan left Berlin for a tour across Germany, during which he is studying the educational system, sport and military formations of the Reich, in which he is particularly interested. He will return to Berlin on July 23, in time to welcome the Chinese athletes on their arrival there.

Japanese Journalists Call on Dr. T. T. Li

A group of Japanese journalists from Tokyo called on Dr. T. T. Li, Director of the Publicity and Intelligence Department of the Ministry of Foreign Affairs, and Chang Kia-ngau, Minister of Railways, in Nanking July 9. The visitors were entertained at dinner by Dr. Li at the Metropolitan Hotel where they were introduced to members of the press in the capital.

Why Not Hold a Plebiscite to Decide Nanking-Canton Embroilment?

BY C. Y. W. MENG 孟長秩

PLEBISCITE, as Webster's Collegiate Dictionary defines it, is "a vote or decree of the people on a measure submitted to them by some person or body having the initiative, as where the referendum is employed."

To hold a plebiscite to decide some national and momentous issue, or to measure the public opinion regarding the national affairs, is not a new thing under the present political system.

Nanking-Canton "Bickering"

At present, Nanking and the South-West are again at loggerheads, with both sides accusing and condemning each other. The South-West announced that their movement is purely patriotic, and that what they want is to march Northwards to fight against the foreign invaders. But Nanking answered that the national foreign policy must be decided by the Central Government. Nanking alleged that the troops of the South-West had "invaded" the territory of Southern Hunan and Fukien. But the South-West answered that they had already withdrawn their troops to the border, and counter-accused Nanking of having rushed many divisions of troops to Hunan and to Kiangsu, etc. But by reading over the "five proposals," as suggested by the South-West for the consideration of Nanking, we may conclude that the present Nanking-Canton "bickering" is a conflict of China's foreign policy, with one advocating war against Japan, and the other advocating peace, or the so-called "realist policy."

Ordinarily, on the event of a conflict between the party in power and the party in opposition, a third or "independent" party will have a great part to play. In the event of a conflict of national policy, which involves some momentous decision, recourse is generally had to a plebiscite, when every citizen in the country will have the right and a chance to voice his opinion—the majority opinion prevailing. But what surprises as well as disappoints us most is that the Chinese populace is most silent over the present Nanking-Canton dispute. Although many telegrams, declarations, etc., are issued almost daily by the interested parties and individuals, yet they by no means represent the genuine public opinion of the Chinese populace. None of them is issued by the non-partisans, or third party, to the dispute. Formerly, the Chinese Anti-Civil War League played some part in Chinese politics, but with the assassination of its leader the League is now almost non-existent. It is our conviction that only Chinese public opinion could decide this age-long Nanking-Canton conflict.

Why Not Exercise the Right of "Referendum?"

The decision to hold the Second Plenary Session of the C.E.C. (Central Executive Committee) and the C.S.C. (Central Supervisory Committee) on July 10 to decide the policy of the Kuomintang and of National affairs coincides with our suggestion that some independent party should serve as "judge" and "umpire" in the present Nanking-Canton political game, and that a plebiscite should be held to decide the conflicting national policy. The action on the part of the Nanking leaders to summon the Plenary Session of the Committee is indeed to be commended. But unfortunately, the present meeting is only a Kuomintang meeting, and it can be attended only by the Kuomintang members. The masses of the people not only cannot attend the meeting, but, are unable to learn in detail what goes on at the meeting. Secondly, a majority of the members of the C.E.C. and C.S.C. are now in government service, that is, they are the parties to the dispute as well as the parties to decide the game. What they decide may represent the opinion of the officials, but not that of the masses.

Our suggestion to hold a plebiscite is also in conformity with the principles and teachings of our Late Leader, Dr. Sun Yat-sen, who, in his Principle of Democracy, urged the people to exercise the right of "referendum" which, to quote the definition from the same dictionary, means "the referring of measures already passed upon by the legislative body to the voters or electorate, for approval or rejection". It is timely and necessary to hold a plebiscite, and it is equally timely and necessary for the people to exercise their right of referendum. There may be a wide gap between the "realist policy" of Nanking, and the "five-proposal" policy of the South-West. In the event that the meeting fails to settle the political game and to decide the conflicting policy, recourse in China is always had to civil war. But this time we suggest that a plebiscite be held.

"A People's Decree"

In suggesting the holding of a plebiscite to decide our national issues, we recommend that it should be on the following lines:

(1) *Political Affairs*:—This time, we, the masses of the people, are gratified to see that both sides are anxious to avoid another civil war, and that both sides have exercised and shown much forebearance. But we further demand that no one should talk about the launching of a punitive expedition against anybody, but both should withdraw their troops simultaneously to their respective borders. Students who have taken so prominent a part in politics—particularly, the students in the neighborhood where the alleged concentraction of troops takes place—should proceed to the spot to make an inspection of their withdrawal. In the event of the opening of hostilities, students might well line up themselves, standing just between the two opposing armies so as to prevent them from opening fire. Both sides shoulp suppress all their resepctive propaganda work, and both sides should permit no people or any organ under them to issue any telegrams denouncing anybody. Both sides should allow some statesmen,—mediators as well as the leaders of our people——to settle the whole dispute, and both sides should play politics with good statesmanship. Both sides should sink their differences—personal as well political—and neither side should demand the "resignation," "retirement" or "departure from the country" of any leader. The armies on both sides should be reorganized into a "National Defence Force," under one central control. The South-West Political Council must be abolished, and there should be no more irregular organ in the country.

(2) *China's Foreign Policy*:—We know that we are laboring under trying conditions, so our sympathy is with our Government. But, on the eve of the "Kawagoe-Chang (Mr. Kawagoe, Japanese Ambassador to China, and General Chang Chun, Minister of Foreign Affairs) Conference," we hope very much that Nanking will make a clear-cut announcement of a definite policy to the nation for the readjustment of Sino-Japanese relations. What we want is a "list of conditions" under which China would agree, and beyond which China would never agree; but we do not like to read a lengthy, flowery-worded, but vague statement, couched in many good-to-hear terms, such as "preservation of Chinese sovereignty," etc. We want our Government to make a "definite and final statment," and to make the present "Kawagoe-Chang Conference" the "last conference" to readiust our relations with our neighboring power. We agree with our Government that we should "exhaust" all possible means of arriving at a friendly understanding with Japan before calling the country to take up arms to fight; we also agree to open negotiations with the invaders, and to sign agreements, provided it is under such conditions as announced by our Government on the eve of the Conference, under which China would agree; but we strongly oppose the policy of "procrastination," "no definite policy," a policy of "submission," and a policy of keeping the people in "suspense and darkness." We believe that lack of a clear-cut statement on the part of the Nanking leaders in the past has given rise to much speculation and agitation for the political agitators, thus leading easily to political dissension. On the part of the South-West, pending the outcome of the "Kawagoe-Chang Conference", their "five-proposals" should be laid on the table, and the "anti-Japanese expedition" should be held in abeyance.

(3)—*The Anti-Communist Campaign*:—The present campaign should cease. So long as the Chinese communists will agree to occupy no territory; to set up no Soviet Regime within China, and to make no trouble for the Central Government, we suggest that the existence of the Communist party might be permitted. In suggesting this we do not mean that we are in any way in sympathy or affiliation with the Communists, but rather, we are animated by our desire and conviction that no nation in the world could afford to wage a war "within" and another "without"; that no nation could successfully prepare for national defence or for resistance in face of foreign aggression when war "within" is still in progress and with no signs of its terminating; that in face of the Japanese aggression in China, there should be and ought to be no war among the Chinese in the country; and that the present national crisis should be utilized as a "blessing in disguise" to effect national unification. By national unity, we mean not only the union between Nanking and Canton, but also with all other parties in the country, including the Communists, so long as they are Chinese. In view of the fact that the Chinese Communist leaders have expressed their "readiness to co-operate" with the Central Government (see *North China Star*, June 7, 1936, Mao Tse-tung's interview), we believe, it might be advisable for us to make an attempt to come to an amicable settlement with the Communists, rather than to exterminate them by means of force.

"A People's Advisory Council"

(4)—General Chiang Kai-shek has organized a "People's Economic Reconstruction Movement Committee." We suggest that our General should also organize another "People's Advisory Council" which should consist of leaders in all walks of life, but not people already in government service, or members of any party in the country. This Council—a people's organ—might

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serve as an advisory organ to the Government with whom the Government might consult and discuss on many problems of the day, particularly when there is a conflict of the national policy. Only when these facilities are provided in the present political system, we believe, the political conflict in China would be speedily settled, and the civil war would be forever avoided.

Nanking, July 11, 1936.

"Song of Victory" Voted Best Chinese Picture of 1935

"Song of Victory," produced by the Yi Hua Motion Picture Company of Shanghai, was proclaimed the best Chinese picture of 1935 by the selection jury in Nanking July 8.

The jury was composed of respresentatives from the Central Publicity Council, the Central Cultural Planning Commission, the Ministry of Education, the Ministry of the Interior, the Central Film Censorship Bureau and the China Cinematographic Association. For outstanding individual performances during 1935 Miss Butterfly Wu was among a list of 13 actors and actresses who were awarded prizes. The other 12 were Miss Wang Jen-mei, Miss Hu Ping, Miss Hsu Lai, Miss Chen Yen-yen, Miss Yuan Mei-yun, Miss Lily Li, Miss Ku Lan-chun, Wang Hsien-tsai, Shang Kuan-wu, Kao Chan-fei, Kung Chie-nung, and Sun Min.

In general remarks the jury noted great improvements as having been made in Chinese motion pictures produced during 1935, especially in respect to photography, sound, scenery and make-up. The Star Motion Picture Company was voted to have turned out the best effects in sound and scenery in pictures. The majority of the picture themes for 1935, the jury pointed out, were concerned with various pressing social problems, and this, in the opinion of the jury, marked a distinct step forward in comparison with the sensational nature of productions in previous years.

British Planter Produces a New Natural Fiber—"Cotine"

The *News Review* (Britian's first "weekly news-magazine") of June 18 contained details of the experiments which have been made by George James de Fleury, who for 40 years has grown hemp, sisal and flax, in North and South America, to produce a new fibre, which has been named cotine. It has been developed on a plantation the location of which has been kept secret. It is claimed for the new fibre that it is as effective as cotton, yet only half as costly to produce. Prof. Bratkowski of the Polytechnic University of Warsaw, in a report on cotine, said it was similar to a fibre being grown in the Urals now becoming popular in Russia, and had many uses. The Polish professor expressed the opinion that cotine could certainly be spun on vicuna-wool machines, even unmixed with cotton. Other experts classified it as a soft bast. Mr. de Fleury has organized a company known as Cotine Products, Ltd. to market the new textile. It is to be noted that cotine is derived from a plant; unlike rayon, and the more recently developed staple fibre (artificial wool), which are synthetic products.

Evidence Is Heard in "Embezzlement" Charge Against Dr. J. Heng Liu

The case in which Dr. J. Heng Liu, Superintendent of the Central Hospital at Nanking, and the holder of several concurrent posts, is charged with three other defendants of "embezzlement" in connection with the accounts of the Hospital, came on at the District Court in Nanking July 11, but as Dr. Liu was not present, Judge Kao Wei-chen postponed the case *sine die* until he appears in court. The principal evidence was given by Tao Shih-shieh, a former business manager of the Hospital. He said that when he joined the Hospital in 1931 the present building was under construction with $570,000 contributed by Hu Wen-hu, rich Singapore Chinese merchant, and also with funds from the Central Heath Experiment Station. Witness said that the idea of setting aside monthly receipts under the heading of food provision bills for patients was for the purpose of meeting the urgent demands for cash during the course of the building construction. This procedure, the witness said, was approved by Dr. Heng Liu.

Mrs. Betty Spunt Sues Julius Rosenfeld

A suit brought by Mrs. Betty Spunt against Julius Rosenfeld was commenced in the United States Court for China July 14. Mrs. Spunt is suing for Tls. 117,000, alleged to be owed to her as executrix of the estate of Jacob Spunt. It was stated in testimony that Mr. Rosenfeld owed Mrs. Spunt, through the estate, Tls. 134,000, and had paid up Tls. 17,616 of this amount, leaving about Tls. 117,000.

The defendant testified that with his father he had owned a cotton trading firm which had lost money. He had applied to Mr. Spunt for assistance. Ten thousand dollars was supplied but was lost within several days. Mr. Spunt then asked that he be made a member of the firm. He bought 334 shares, and later 167 more. With this money lost Mr. Spunt ordered Mr. Rosenfeld to close the firm down.

Fifteen of Feb. 26 Mutineers Shot by Firing Squad

Fifteen of the 17 ringleaders of the military uprising in Tokyo on February 26 were executed by firing squads July 12, according to a communique issued by the Tokyo War Office. The condemned men faced firing squads at hourly intervals. Their execution took place at the military prison in Tokyo. The rebels involved were all between the ages of 23 and 27.

The two condemned men who were not executed were sentenced as civilians, although both previously had served with the Army.

The death penalty was carried out exactly one week after a special court-martial, which held all its hearings amidst the greatest secrecy, passed sentence on the defendants.

Mutineers' Sentences Upheld by Tokyo Press

The Tokyo newspapers editorially approved of the sentences imposed by the special military tribunal on the army mutineers of Feb. 26. Typical of most press comment on the judgment, the *Hochi Shimbun*, independent, declared that while it could understand the patriotic motives of the rebels, it could not condone their "abuse of military strength for a bigoted purpose, thus destroying the national fabric." The daily said it believed that the sentences were fair and just and would contribute in effecting a conciliation between the Army and the people and to restore popular confidence in the service.

The Tokyo newspapers on July 7 published a communique issued by the War Office at 2 a.m. on that date giving the official account of the sentences which had been imposed in connection with the February 26 mutiny in the Japanese capital, incidentally giving a history of the whole affair. The Oakayama Translation Service, in a note prefacing its translation of the War Office communique, stated that owing to the fact that the ban on the news concerning the February 26 Incident had only been lifted early that morning, the Japanese newspapers delayed their usual printing schedule so as to contain the news in the morning editions. This delay made it necessary to issue the official translation in an abridged form—but, even at that, it covered 16 pages.

Army Announces New Retirements Because of Feb. 26 Mutiny

Leading officers of the Tokyo Garrison directly responsible for the failure to prevent the mutiny of Feb. 26 were placed on the retired list July 10. The list, announced by the War Office in a special communique, included four lieutenant-generals, four major-generals and five colonels.

The retired lieutenant-generals included: Kohei Kashii, former commander of the Tokyo Garrison; Takeo Hori, former Commander of the First Division, which contributed the bulk of the mutineers; Toranosuke Hashimoto, former Commander of the Imperial Guards Division, and Kokuro Iwasa, former Commander of the Tokyo Gendarmerie.

34 Alleged Reds Taken in Tokyo Raid

Thirty-four alleged Communists were arrested early July 10 in a series of raids conducted throughout Tokyo by hundreds of policemen. Included among the arrested men were two assistant professors of the Tokyo Imperial University. The charges preferred against the detained persons included: a campaign to revive the Communist party and circulation of subversive literature.

The list of arrested men, who are now undergoing examination, includes: Yoshitaro Hirano, assistant professor of the Law Department of the Tokyo Imperial University; Moritaro Yamada, assistant professor at the Economic Department of the same institution; and Yoshimasa Kobayashi, former professor of Meiji University.

Tokyo Newspaper Says Inflation Prosperity Causes Suffering to Masses

Tokyo *Yomiuri* July 6 commented, regarding the so-called "national policy Cabinet meeting:"—"What strikes us is the fact that the words 'administrative reforms' have been turned into 'national policies.' We may point out that the 'stabilization of the people's life' about which they made such a fuss has been put side in a corner. The masses, suffering from greater difficulties of life since the so-called inflation prosperity following the re-imposition of the gold embargo, have thus been exposed to added unrest of life, while banking Capital and industrial Capital, heretofore trembling behind the slogans of 'administrative reforms,' seem to have been much relieved."

Egypt Too Busy to Talk Trade with Japan

Egyptian officials are too concerned with negotiations with Britain over their country's future status to be talking trade problems with Japan, according to Dr. Akio Kasama, chief Japanese delegate to the abortive trade negotiations in Cairo. The abandonment by the present Egyptian government of the policy of its predecessor aiming at the balancing of imports of finer grade Japanese cotton textiles with raw cotton exports to Nippon had further complicated the situation, Dr. Kasama said.

Mitsui Forms New Concern

Establishment of a Yen 10,000,000 subsidiary concern, through the reorganization of the Agriculture and Forestry Section of the Mitsui Gomei Kaisha, was decided by the officials of the said firm July 9. The new company will seek to expand the Mitsui activities in afforestation, cultivation of tea and breeding of sheep and cattle.

Japanese Trade Balance Continues in the "Red"

With imports exceeding exports by Yen 9,011,000, Japan's trade balance for the first ten days of July continued "in the red." The aggregate unfavorable balance since January now stands at Yen 323,445,000. Cotton textiles, valued at Yen 11,200,000 led the list of exports amounting to Yen 65,142,000. The imports list was headed by raw cotton, of which Yen 24,359,000 worth was bought. Iron followed with Yen 6,524,000.

The unfavorable balance, exceeding Yen 310,000,000, was the lowest in seven years.

Japan Lays Keel of Last Treaty War Vessel

Simple ceremonies marked the laying of the keel of the aircraft carrier *Hiryu*, last naval vessel to be built under Washington Treaty limitations, at the Navy Yard in Yokosuka July 8. The new carrier, a sister-ship of the *Tenryu*, will displace 10,000 tons.

Uruguay Wants Japanese Immigrants

Running counter to the current trend of restrictions upon Japanese immigration, the Uruguayan Government has extended an invitation to 200 Nipponese farmers and their families to settle in the South American republic, Takashi Araki, acting Consul in Montevideo, reported to the Gaimusho July 8.

Japanese M.P.'s Leave on Tour of South Seas

Thirteen members of the Lower House left Yokohama July 8 for a five-week tour of the South Seas aboard the s.s. *Saipan Maru*, a new crack liner of the Nippon Yusen Kaisha making its maiden voyage. The group is headed by Shoju Koyama, former Vice-Minister of Agriculture and Forestry, and accompanied by Tetsushiro Nishizawa, secretary of the Lower Chamber.

Japanese Firm to Produce 1,000 Buses Annually

Increasing demand for motor vehicles has led the Kyodo Automobile Manufacturing Company, Ltd. to reveal plans for the speeding up of its production of buses and trucks to 1,000 a year. The plans have the support of the Ministry of Commerce and Industry.

Largest Tanker in Orient Built by Yamashita Kisen

The Yamashita Kisen Kaisha's newest 10,000-ton oil tanker to be put on the Pacific run, under construction by the Kawasaki Dockyard Company, was completed on June 30. The vessel, named *Nippon Maru*, sailed July 3 on her maiden voyage to North Saghalien to receive an oil cargo.

Mitsui to Hold Oil Reserves for Foreign Firms

The Mitsui Bussan Kaisha July 9 concluded an agreement with the Rising Sun Petroleum Company, Ltd. and the Standard-Vacuum Oil Company for the storage of a half of the 60-month supplies of oil the two foreign firms are required to have on hand under the terms of the new oil law. As the two foreign concerns have already made provisions for the storage of the other half, the contract will mark their compliance with the Oil Industry Law, enacted on March 27, 1934, which thus far they have bitterly opposed.

Tokyo Market Rallies as Hirota Drops "New Deal" Measures

Riding on a wave of confidence caused by the realization that the Hirota Cabinet would not adopt the rumored drastic "new deal" policies, the Tokyo Stock Market July 11 witnessed a gain of from one to four points over the whole list of securities.

The rally was particularly marked in munitions, rayon, oil, electric power and rubber issues.

Japan to Invite P.E.N. Clubs' Conference in 1940

Tokyo messages state that an invitation to hold the 1940 convention of the International P.E.N. Club, composed of writers, essayists and publicists, in Japan will be extended to the body at this year's conference in Buenos Aires.

Japan Is Urged to Buy Wool in South Africa

Citing the favorable position of Japan in her trade with South Africa, Andrew Brennan, Union trade commissioner for the Far East, is urging the Tokyo Chamber of Commerce and Industry to devise measures for larger Nipponese purchases of South African Wool.

Gen. Terauchi Asks for Three Billion Yen for Special Expenditure

A proposal to expend Yen 3,000,000,000 within the next 12 years specially for the strengthening of the air force and reorganizing Nippon's armaments was submitted to the Cabinet July 14 by Gen. Count Hisaichi Terauchi, War Minister. The War Minister's statement also suggested a wide range of national reforms, including:

1. The organization of a Ministry of Aviation to engage in the development of civil aviation;
2. Establishment of an organ for the investigation, formulation and control of national policies;
3. Encouragement of emigration to "Manchukuo," extensive investments in that country and development of the new Empire's industries;
4. Stabilization of national life, taxation reforms, improvement of national health and alleviation of the burden of peasants.

The amount asked by Gen. Terauchi for special expenditures will be appropriated in addition to the regular army expenditures,

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which this year exceeded Yen 500,000,000 and which are generally expected to reach Yen 700,000,000 in the next fiscal year's budget. Gen. Terauchi proposes to expend most of the requested amount in the next six years, 1937-43.

300 Japanese Students Leave for Tour of Manchukuo

Three hundred students, belonging to the newly organized Army-sponsored Students' Sincerity Society, departed from Tokyo July 11 on an extensive tour of Manchukuo.

Japanese Population Grows Rapidly—Only Small Proportion Emigrates

Japan must provide nearly half a million new jobs annually for the next twenty years if she is to make even a start toward providing for her surplus population, according to the *Far Eastern Survey* of the American Council, Institute of Pacific Relations. Pointing out that by 1950 there will probably be ten million more bread-winners in Japan than there were in 1930, Jeannette Randolph, research associate, maintains that "industrial development is the outstanding hope of the Japanese masses and unless industrial activity is increased the present national situation will become even more precarious."

Although the Japanese Government has offered strong inducements to emigrants to settle abroad, such lures have proved insufficiently attractive. In 1933, a peak year for emigration, 27,000 Japanese left their country, but some 14,400 returned. For the five year period 1926-1930, Japan's net loss through emigration to foreign countries was less than 28,000. The population growth during that interval was one of 4,700,000. Even after the Manchurian Incident of 1931, there was no general exodus of Japanese to that country. In 1933 there were less than 250,000 Japanese in Manchuria. Despite the verbal prominence accorded the question of Japanese emigration, the total number of Japanese living outside Japan Proper is less than 1,000,000.

American Citizen Found in Street With Bullet in His Head—Murder or Suicide?

Leonard Covert, a native of Utah, was found lying in Great Western Road, Shanghai, at 3 a. m. July 16, with a bullet in his head. He died two hours later at the Country Hospital. He had been living with his wife at 150 Tifeng Road.

Rise in Yungting River Causes Anxiety

A telegram from Peiping July 13 stated that with the rainfall showing no signs of abatement along the upper reaches, on the Hopei-Charhar border, the Yungting River continued to gain in height. The water level rose to 18 feet July 12, being the highest in years. The velocity of the current also surpassed the records of recent years.

Reports of the phenomenal rise of river levels in many places, including the Grand Canal, the Yungting River, and the Fen River in Shansi, are causing no little anxiety on the part of Conservancy authorities in Nanking.

Several portions of the Yungting River dykes, in northern Hopei, were breached beginning of this week as a result of the pounding of the swollen waters caused by copious rainfall. The most serious breaches occurred on dykes No. 22 and 23, each covering a distance of over 200 feet. Dyke No. 28 was also damaged and two leaks were found on dykes No. 92 and 93.

The Hopei Provincial Department of Reconstruction has ordered the River Affairs Bureaus to take special precautions against possible emergencies. The North China River Conservancy Commission has also despatched members of its staff to assist the local authorities.

A large tract of land in Linchang, northern Honan, was inundated last week as a result of the collapse of a portion of the dykes of the Chang River. The water in the affected area is over 4 meters deep.

No Danger Seen So Far in Yangtze Rise

A telegram from Sian, provincial capital of Shensi, stated that in consequence of the overflow of the mountain freshets in the upper reaches, the Yellow River registered a rise of 2 meters in Shensi and is rushing with a velocity of 4,300 cubic feet per second.

Unless there be excessive rainfall during the coming two months, the rapid rise in the Yangtze River level will not assume dangerous proportions, a spokesman of the Yangtze River Conservancy Commission declared in Nanking July 10. The spokesman declared that the highest water mark at points along the River from Hankow to Yochow is still fully seven meters below the high water of 1931 and is eight metres short of the top of the embankment.

General Chiang Orders $200,000 for Relief Work

In view of the sufferings of the people in the bandit-devastated areas along the Hupeh-Hunan-Szechuan border, General Chiang Kai-shek, President of the Executive Yuan and of the Military Affairs Commission, has ordered the Farmers Bank of China to release $200,000 immediately for relief work in the affected regions.

Army to Encourage Heavy Industries in Manchukuo

Industrialization of Manchukuo, parallelling the expansion of the heavy industries in Siberia, will be encouraged by the Japanese Army, a high official of the War Ministry told *Domei* July 8. Plans for the industrialization of the new Empire, the officer said, will be formulated simultaneously with the drafting of a comprehensive program of national defense. The Army, he went on, will seek the establishment of industrial centers in Manchukuo and will remove all restrictions on the production of iron, coal and aluminum, while full encouragement will be given to the liquefaction of coal. Soviet Russia, the officer declared, has created an industrial zone in Siberia in the course of her second Five-Year Plan, especial attention having been given to the ammunition industry. This, he added, has made the Soviet forces in the Orient independent of European Russia in their supply of munitions.

Revenues of the South Manchuria Railway Company Show Increase

The South Manchuria Railway Company earned a revenue of Yen 30,170,146 in the three months ending June 30, 1936, which represents an increase of Yen 142,035 compared with the corresponding period of 1935.

S.M.R. Banking Syndicate to Be Enlarged

Four trust concerns, representing the Mitsui, Mitsubishi, Yasuda and Sumitomo interests, will be added to the banking syndicate floating the bonds of the South Manchuria Railway Company. On receipt of a request from these firms regarding their admission to the syndicate, the S.M.R. has asked the syndicated banks to do so, "to strengthen Japanese investments in Manchuria."

S.M.R. To Form Huge Aluminum Concern

Following conferences with representatives of the Army, the Ministry of Commerce and Industry and the Manchurian Affairs Bureau, officials of the South Manchuria Railway Company July 8 revealed plans for the formation of a Yen 10,000,000 aluminum concern in Manchukuo.

S.M.R. To Buy Liquefaction Machinery in Japan

An order for Yen 3,000,000 worth of equipment for its coal liquefaction plant in Fushun is being placed by the South Manchuria Railway Company with the Kure Naval Arsenal and the Muroran Iron Foundry in Japan, the *Kokusai News Agency* reported end of last week. The plant will cost Yen 4,000,000.

Japanese Hsin Chung Company Loses Yen 100,000

The Japanese Hsin Chung Company, organized by the South Manchuria Railway Company for the economic exploitation of China, sustained a loss of $101,287 in the first three months since its establishment last January, according to statistics released by the company last week.

Japanese Admit 346 Encounters with Bandits in Six Months

According to the report of the Vice-Commander of the First Manchukuo Army, there have had 347 battles with the anti-Japanese volunteers in their defence area in the first six months of 1936. It is reported that 1,373 volunteers were killed (of whom 20 were leaders), 1,456 wounded and 49 arrested. The number of soldiers killed among the Manchukuo forces is 97.

Eleven Japanese soldiers were killed and five others wounded in a sanguinary clash with a band of outlaws at West Chinchuan, in the eastern part of Fengtien Province, close to the Korean border, on the morning of July 8. The band comprised more than 300 well-armed men.

According to reports from Chengte, more than 500 anti-Japanese volunteers under the command of Chou Yung-chiu had a fight lasting more than seven hours with the Japanese troops at Wutunghui near Chehfeng on June 30. Heavy losses were sustained on both sides.

Soviets Allegedly Furnish Money to Chinese Spies in Manchukuo

An allegation that the Soviets have been supplying large sums of money to Chinese spies for information concerning the positions and movements of Japanese and Manchukuo military forces in the new State was contained in an official statement issued in Harbin July 11 by the Manchukuo authorities.

Huge Numbers of Japanese to Be Emigrated to Manchuria

Plans for the emigration of 5,000,000 Japanese farmers to Manchukuo in the next 20 years are now being considered by the Ministry of Overseas Affairs, the Tokyo *Nichi-Nichi* states. Of the Yen 2,000,000,000 expense involved in the operation of the scheme, the Government would bear Yen 800,000,000.

China to Seek Trade Agreement With Latvia

It is understood at Nanking that, as soon as ratifications of the Sino-Latvian treaty of amity have been exchanged, Quo Tai-chi, the Chinese Ambassador in London, will begin negotiations with the Latvian Minister in London, Karlis Zarins, for a Sino-Latvian treaty of commerce.

Soviets Release Japanese Troops Who Crossed Border

Four Japanese border guards, who were seized by a Soviet mounted patrol near Manchouli on June 28, were released end of last week. While the Japanese authorities contend that the seizure took place on Manchukuo soil, the Soviets insist that Japanese were captured on Russian territory where they had "strayed by mistake."

The Tokyo Foreign Office July 13 completed drafting a plan for the composition of joint Soviet-Japanese-Manchukuo commissions for the settlement of border disputes and demarcation of borders between Russia and the new Empire. The organization of the commission of frontier demarcation has already been approved in principle by Hachiro Arita, Foreign Minister, and C. C. Yureneff, Soviet Ambassador to Tokyo.

U.S.S.R. Stated to Be Building Four Super-Highways in Siberia

Russia is building four new, all-weather highways entirely across Siberia in expectation of war with Japan, according to John Edwin Hogg, writing in *Modern Mechanix* magazine. This construction is in addition to double-tracking of the Trans-Siberian Railway. Nearly 400 miles of their length will be through bomb-proof "snowsheds." There will be 200 miles of such "snow sheds" over exposed portions of the new rail lines.

"Izvestia" Comments Sympathetically on Anniversary of Mongolian Peoples Republic

The Moscow press July 11 marked the fifteenth anniversary of the Mongolian Peoples Republic. The *Izvestia* in an editorial said: "The working population of our country, which is a good neighbor and friend of the Mongolian Peoples Republic, notes with satisfaction the achievements attained in a few years by that country in the field of national and economic development....The friendly relations established between the Mongolian Republic and the U.S.S.R. during this period of joint struggle against the common enemy are inviolable and invariable. The relations between the Mongolian Republic and the U.S.S.R. are the best example of a faultless, disinterested friendship on a basis of absolute equality and reciprocity of the greatest State of the U.S.S.R. with a young country craving for freedom and progress."

Masters of Seized Japanese Trawlers to Appeal Against Convictions Imposed by Soviets

Masters of three out of four Japanese fishing trawlers, seized by the Soviet authorities on charges of poaching last month, have decided to appeal against their convictions in the courts, B. Tanaka, consul at Petropavlosk, informed the Tokyo Foreign Office July 11.

Chicherin, Prominent Soviet Diplomat, Dies at Age of 64

The death occurred in Moscow July 7 at the age of 64, of Yury Vasilevich Chicherin, former Soviet Commissar for Foreign Affairs. Among the incidents of a strenuous life was that after the Bolshevist rising of November, 1917, he was imprisoned in Brixton Jail, England, for having enemy associations. In January, 1918, he was released and banished.

Resignation of William C. Bullett, U.S. Ambassador at Moscow, Predicted at Washington

The resignation of William C. Bullitt, first American Ambassador to the Soviet Union, in the near future and his replacement by Curtis Bok, son of Edward Bok, famous Philadelphia writer and publisher, is predicted in recent telegrams from Washington.

Immense Soviet Loan Over-Subscribed

A Soviet 4,000,000,000-rouble loan, it was announced in Moscow, July 13, has been over-subscribed by 227,000,000 roubles. The subscription list was opened July 3.

Japanese Hope to Send Millions of Colonists to Manchuria—Part of Defense Plan

Speculation is rife in Dairen (says the *North China Daily News* correspondent) on what the Japanese military proposes to do with three outstanding problems of immediate importance facing the Japanese in Manchukuo. These problems are: (1) The proposed increase of Japanese troops in Manchukuo; (2) the transplantation of millions of Japanese from Japan to Manchukuo; (3) the encouragement of Japanese financial investments. The feeling at Dairen, augmented by assuring reports from Hsinking, is that Lieut.-Gen. Seishiro Itagaki, Chief-of-Staff of the Kwantung Army, and higher military authorities of the Central Army in Tokyo are agreed on the three propositions.

Gen. Itagaki's announcement that millions of Japanese will be invited to settle in Manchukuo was well received in Dairen. If anything like a million Japanese could be induced each year to leave their homes for new farmland in Manchukuo the problem of national defense would be automatically alleviated and ultimately solved by a potential civilian population capable of defending themselves and the land entrusted to their care, at the same time completing the Japanization of Manchukuo.

New Budget Provides Increased Amount for Education and Culture

Indicative of the emphasis being placed by the Central Government on educational and cultural advancement, an increase of $6,835,951 in the expenditures, ordinary and extraordinary, for the promotion of education and culture has been made in the national budget for the 25th fiscal year. The figure for the current year is $44,339,962, as against $37,504,011 of the preceding year. A sum of $19,800,000 is ear-marked for the promotion of special education and other educational reconstruction enterprises, which, it is understood, include the establishment of a national model vocational school in Nanking, and training of vocational teachers, and rendering of financial aid to existing vocational schools. This figure occupies about 48 per cent of the total educational and cultural expenditures.

Yenching University Holds 20th Commencement Exercises

One hundred and thirty-one students received deplomas for the Bachelor of Arts degrees and 22 others Master's degrees from the Colleges of Arts and Letters, Public Affairs, and Natural Sciences, and the Graduate Yuan during the 20th commencement exercises of Yenching University Peiping, held at the Auditorium on the morning of July 3. The deplomas were distributed by J. L. Stuart, President of the University. Clarence L. Senn, Secretary to the China Foundation for Cultural Advancement, was the official guest and principal speaker. Of the class, a little less than one-third consisted of women students.

Agricultural Education Facilities Increased by Cooperation in Hunan

Definite arrangements for cooperation have been made between the authorities of the Hunan Provincial Higher Agricultural School and the College of Agriculture of the National Tsinghua University, newly established at Yaolu Shan (mountain) in Changsha. The agreement, approved by the Hunan Provincial Government, was signed by Dr. Mei I-chi, President of the National Tsinghua University, on the one hand; and Messrs. Chu Ching-nung and Lo Tun-hou, respectively Provincial Commissioner of Education for Hunan and President of the Agricultural School, on the other.

General Chiang Kai-shek Hands Diplomas to District Chiefs Graduated from Training Institute

Gen. Chiang Kai-shek July 2 personally handed diplomas to more than 100 district chiefs recently graduated from the District Administrative Training Institute under the auspices of the Ministry of Interior in Nanking. Addressing the magistrates, Gen. Chiang stressed the importance of district chiefs equipping themselves with administrative as well as military knowledge in order to cope with emergencies.

The ceremony was presided over by General Chiang Tso-pin, Minister of Interior and concurrently Principal of the Institute, and attended by General Chiang Kai-shek, President of the Executive Yuan, the various Ministers, and visiting Provincial Chairman (who are in Nanking attending the 2nd Plenary Session of the C.E.C.), and 400 professors and students of the Institute.

Shanghai Students Stopped from Producing "Patriotic" Plays at Sungkiang

A group of some sixty Shanghai students, who had organized a dramatic troupe, proceeded to various towns along the Shanghai-Hangchow railway last week to present "patriotic" plays. At Tachang their performances were witnessed by a large audience, but created no particular commotion. The students then proceeded to the larger town of Sungkiang, where they paraded the streets advertising the forthcoming performance. The result was that such huge throngs assembled that the authorities of the town, fearing that reactionary elements might cause trouble, persuaded the students to stop the performance. The plays had a decidedly anti-Japanese tinge. The students took the train back to Shanghai on the night of July 7.

Students Clash with Foreign Police in Shanghai

A clash of student demonstrators took place with police o the Louza District of the Shanghai Foreign Settlement in the afternoon of July 11. In the course of the affray several policemen received a buffeting, one being injured about the back by blows from wooden poles. When the Police took 15 of the demonstrators into custody a large crowd assembled outside Louza Station, shouting and threatening attack. The demonstration had its origin with a group of about 100 students, who gathered in Nanking Road near Sincere's and proceeded westward towards Thibet Road, distributing handbills of an anti-Japanese nature, demanding, among other things, the declaration of war against Japan. Distribution of the handbills was the signal for police intervention.

Several foreign policemen were injured on the afternoon of July 12 in Shanghai as a result of a clash with a mob of about 100 students who staged an Anti-Japanese demonstration near the New World amusement resort on Tibet Road. A total of 15 students were arrested.

A group of demonstrators stormed the Wing On department store the same day charging the company with selling Japanese goods.

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The Family and Population in the U. S. S. R.

BY R. M. MACGREGOR

SOMEONE has remarked that the Soviet Union of today is often more interesting for its reactions than for its radicalisms.

And it is certainly true that many of the radical freedoms given by the October Revolution are being taken back. Some of them, like the idealistic moneyless society, or free railroad transportation, early proved impractical and were discarded. Others are just now being found unworkable. The free experimentation in the arts, which produced lifeless and stylized, if intellectually exciting, forms in the theatre, in painting and poetry, is now being rigorously done away with. Mixed nude bathing, one of the Sovietisms that shocked the rest of the world, and which in the first fifteen years of Soviet history achieved a definite and healthy unselfconsciousness, has in the last two years been "frowned upon," which is about the same as saying forbidden. It is part of a general swing toward morality, toward puritanism.

Also a part of this puritan tendency is the new decree making divorce more difficult and practically forbidding abortion. To the average outsider, it seems as though these edicts come out of a clear sky, unexpectedly clamping down on practices that are general and accepted, but in the country itself they all come in a somewhat natural evolution. For a year and a half now the main newspapers, the Communist Party's *Pravda*, the Central Committee's *Izvestia*, etc., have been stressing family relations, condemning the great number of divorces prevalent especially in the cities and the numerous abortions that many women have had performed. They have given specific cases of the abuse of these freedoms, and slowly the campaign has been more and more accelerated until public indignation was high.

Easy divorce was one of the reforms first pointed to with pride in the early years after the Revolution. There was no longer any reason for unhappy married life. Nor was possible separation only for the rich as is the case in all other countries where divorce is allowed at all. Its price was the same as that of marriage, three rubles, about the cost of a meal. Women who had been tied to their drunken or worthless husbands seemingly for life, divorced them and became important citizens in their own right. In a country where a women had almost been the property of her husband, this was wonderful.

Wedded Harlotry

That this easy divorce should be abused was perhaps inevitable. There were a good many men who left in various place three or four wives with children, and whom it was impossible to trace to make pay for their support. In the large cities there were at least twelve thousand women, it has been stated, who have been divorced over eight times. There grew up what was almost a wedded harlotry, women who had a succession of husbands earning big salaries. The family as an institution was going haywire.

The new restriction, which is a mild one, is almost purely monetary, but it will no doubt prove effective. Instead of 3, the first divorce will cost 50 rubles, a price which is still not prohibitive, although it will demand second-thought, perhaps even a bit of saving. (50 rubles is about the price of a good pair of shoes). The second divorce will be 150 rubles, which is beginning to get expensive, and the third and all following will cost 300. Alimony for the support of children is lowered, but is also more carefully regulated. It will be almost impossible to get around paying it. All in all a rather sensible treatment of the whole problem.

Another of the early ideals put into practice was free and sanitary abortion. The Bolsheviks argued that there was no reason why a woman should have to have a baby she was unable to support and did not want. And they have proved that under modern sanitary conditions the mortality of abortion was almost negligible. But they also found out that a large number of abortions was distinctly injurious to a woman's health, and therefore to the race in general. The number of women who have had six and eight abortions in as many or fewer years is appalling, and one women who worked with my wife building the Moscow subway, the Metro, had, since the Revolution, had seven children and fourteen abortions.

With this problem the government is far more stringent. Except when it is proven that it would be harmful to a woman's health to have her child, abortion is forbidden. Prison sentences of from one to three years have been set down for the doctor performing abortions, and the woman desiring it, after the first offense, will be fined heavily.

To support these two laws there is also new legislation to help mothers in bringing up their children, both physically and financially. Each expectant mother will be given from 32 to 45 rubles to spend on layette, and from 5-to 10 rubles a month to help feed the child. Women with seven or more children will be given 2,000 rubles a year for five years, those with eleven or over 5,000 for the first year and 3,000 for another four. The number of maternity hospitals will be more than doubled, as also will the number of day nurseries, and children's play gardens. A woman without too high a standard of living could live without working on this. There is even the danger that maternity may become a definite racket.

This too is a part of the general tightening up of family relations, but there is no doubt that the Soviet Union is also definitely anxious to increase its population. . . And it is going at the problem with the self-same tactics used by Mussolini in 1929, although as yet there is to tax on bachelors. But there is a difference in the two policies. Italy in 1929 was already overcrowded. Her object was partly to supply larger cadres for the military in the future, but also to make a greater immediate necessity for foreign conquest. Undoubtedly the Soviet Union is also interested in having more fighters twenty years hence, for almost every policy put forth takes the Red Army to a larger or smaller degree into consideration. But there is certainly another and more paramount reason. There are in the Soviet Union vast tracts of land, almost equal to the inhabited areas that are unpopulated. The government has always wanted to send people out to inhabit and develop these territories, but until the last year the country has not been able to support a larger population. Even two years ago the Soviet food problem was certainly not solved, and it is only in the last eleven or twelve months that there has been enough for everyone to eat and to spare. Only now can they begin to go ahead with the developing of northern Russia and Siberia, the lands off the east coast of Chukotski and Kamchatka, or with the reclaiming of the dessicated wastes of Soviet Central Asia. There is even evidence to suggest that within the next five years the Soviet Union will open her borders to mass immigration from other countries, very much as the United States did up to 1900.

Peiping, July 9, 1936.

Wilbur Burton, Denied Entrance to Japan, Returns to Shanghai

Wilbur Burton, special correspondent for the *Baltimore Sun* and a contributor to *Asia* Magazine, and other journals, arrived in Shanghai July 12 for a brief visit prior to proceeding on an extensive trip through tropical Asia. On arrival here Mr. Burton issued a statement reciting the circumstances surrounding his deportation from Dairen, with permission to proceed to Kobe "at his own risk"—which proved to mean that he was not allowed to land there. Mr. Burton relates that he carried with him when he left Shanghai not only a Japanese visa issued by the local Japanese Consulate General, but also letters of introduction from the Japanese Embassy to the Japanese Consuls General in Hankow, Mukden and Harbin and to officials in the Japanese Embassies in Peiping and Hsinking. In Tientsin it was brought to his attention in a very roundabout way that about the middle of May a W. M. McLeod Coppin, M. C., who is a sort of contact man between foreigners seeking to enter Manchukuo at Shanhaikwan, and the Japanese, had scrawled on the back of a message sent to a certain person in Tientsin that "Wilbur Burton will not be allowed to enter Manchukuo." The person who received that message did not know Mr. Burton personally at that time and had no connection with him of any kind. However, Mr. Burton decided to apply for a visa to enter Manchukuo at Dairen. Before a decision had been reached, marine police took him into custody and motorcycled him under armed escort to police headquarters. There he was informed that he would be sent back to Tientsin as an "undesirable alien." Mr. Burton, with the assistance of John Moore Allison, American Consul in Dairen, learned that the order came from the Japanese Ambassador in Hsinking. Mr. Burton refused to give up his passport as suggested, and later sailed from Dairen for Kobe, being kept under surveillance meanwhile. At Moji the marine police put him through a long cross-examination and tried to induce him to go ashore with them; this he refused to do. After a long colloquy the Moji police decided to allow him to go to Kobe. When the marine police there refused him permission to land, Mr. Burton telegraphed to Viscount Motono in the Foreign Office, who formerly served in the press office at Shanghai. There was no reply. After relating further experiences, Mr. Burton commented: "The only conclusion I can reach is that if the Japanese can't bribe you, or bamboozle you, or bulldoze you, you are *persona non grata* to them."

Slot Machine Operator Is Fined One Hundred Dollars by Swiss Court

Elly Widler, who came into prominence about a decade ago through his having been imprisoned in Szechuen by the Chinese authorities and publishing a book concerning his experiences, was fined $100 in the Swiss Consular Court July 10 for operating slot machines.

Widler appeared in answer to a police summons, the machines in question having been located in his shop on Central Road known as the Machine Exchange. The Police raided Widler's establishment June 11 and seized the machines. In Court, Widler declared that he would not contest the action of the police, thereby saving something in court costs. E. Lardy, Swiss Consul General, ordered the five machines confiscated in the name of the state. Inspector Telfer asked Mr. Lardy what was meant by confiscation of the machines "in the name of the state"—did it mean that the machines would be destroyed? Mr. Lardy explained that under Swiss law, property ordered confiscated by the court was sold and the money received was used for charitable purposes or for other funds. He stated that in the case of the slot machines, the court might dispose of them in areas where they were permitted.

Dr. P. W. Kuo Suggests Methods of Boosting China's Foreign Trade

Improvement of native goods and strengthening of international trade organizations are two important prerequisites for boosting China's exports and curtailing her annual unfavorable trade balance, declared Dr. P. W. Kuo, Director of the Bureau of Foreign Trade of the Ministry of Industries, and a member of the Chinese Monetary Mission to America in an interview with the *Central News* Agency upon his arrival in Nanking from Shanghai July 3. Dr. Kuo said that with the exception of a few countries like Germany and Italy, most other nations are now "emancipating" their foreign trade by adopting the so-called "reciprocal policy" to replace the "restrictive policy," as has been widely practised during during the last few centuries.

Asked about current reports that an organization will be jointly established by the Chinese and American Governments to handle tung oil trade between the two countries, the trade expert stated that no concrete plans in this regard have as yet been reached, although informal talks on this matter have been held on several occasions with the American authorities while he was in America.

Control of Tea Trade Envisaged by Nanking

The Ministry of Industry is planning the control of the tea trade with the cooperation of the tea producers and tea merchants. Messrs. Chien Tien-ho and Wu Chueh-lung, special experts of the Ministry of Industry, have been sent to Anhwei to make connections with the tea producers and merchants.

Exchange of Chinese Tea for Soviet Oil

Negotiations are under way between the Anhwei Provincial Government and Soviet authorities for the exchange of Chinese tea and Soviet oil. According to the Anhwei Tea Control Committee, Soviet Russia has been for the past years, the most important purchaser of Anhwei tea. However, because of various reasons the business has not been developed.

Scarcity of Rice in North and South Fukien

There is a scarcity of rice in North and South Fukien. The scarcity has resulted from the purchase of a considerable quantity of rice for military use. Telegrams have been sent to Anhwei and Chekiang to transport ten thousand piculs of rice to Fukien for sale.

China Merchants' S. N. Co. to Have Monopoly of Government Supply Shipping

The Executive Yuan in a circular order June 3 instructed that all supplies purchased by Government organs are to be transported only by steamers of the China Merchants' Steam Navigation Company. The decision is the result of a request of the Company in order to increase its business.

Academia Sinica Sends Investigators to Yunnan

In view of the large deposits of various kinds of mineral wealth in Yunnan, the Academia Sinica has sent a number of investigators to the province to carry out extensive prospecting work in the area.

Salt Fields in North Kiangsu to Be Developed

In an attempt to develop the salt fields of 13,000,000 *mow* in North Kiangsu, the Kiangsu Provincial Government and the Cotton Control Committee organized an investigation group of bankers on June 10. As a result of a number of meetings it was decided that a banking syndicate be organized by the interested banks to advance $6,000,000 for the development of the area.

Chekiang to Negotiate Fishery Loan

With a view to relieving the fishery depression in the province, the Chekiang Fishery Control Commission has been negotiating with banking circles in Hangchow, for the raising of a fishery loan with one million dollars worth of Chekiang consolidated bonds as security.

Chinese Cotton Mill in Tientsin Bought by Japanese—Capacity to Be Increased

The Chinese Yu Yuan cotton mill, which was recently bought over by Japanese interests, has been renamed the No. 6 Kung Ta Cotton Mill and will start operations in September. An expansion scheme for the mill has been mapped out which calls for the increase of the number of spindles from the original 70,000 to 150,000.

Nanking Reserves Right to Exploit Tungsten Mines

The right to exploit tungsten and tungsten tin mines in China is exclusively reserved for the Government. This ruling was reiterated by the Ministry of Industries in a recent reply to an inquiry of the Kiangsi Provincial Government into the status of such mines. It is understood that the Central Government is planning to set up state control over the production of these valuable metals, which are in great demand for the manufacturing of arms and ammunitions.

$900,000,000 Legal Tender Notes Now in Circulation

The *Sin Wen Pao* July 10 stated that the Central Bank of China, the Bank of China and the Bank of Communications have issued a total of $850,000,000 legal tender notes. In addition to the legal tender notes issued by the Chinese Farmers' Bank and the notes issued by other banks but not yet recalled, the total legal tender notes now in circulation is believed to be more than $900,000,000.

Completion of Steel Bridge in Ningpo Celebrated with Ceremony

The completion of the steel bridge in Ningpo was celebrated at a ceremony held in said city June 27. The bridge, which represents one of the most gigantic engineering structures ever built in Ningpo, cost $700,000. Construction work on the bridge started in May, 1934.

Bridge to Span Yellow River at Tungkwan

The Ministry of Railways has decided to build a steel bridge over the Yellow River at Tungkwan, Shensi, where the Lunghai and Tungpu Railways meet. Chen Shu-tang has been appointed to take charge of the necessary preparations while machinery and materials are now being shipped to Tungkwan.

Legislative Yuan Ratifies Ningpo Railway Loan of £1,100,000

The Legislative Yuan July 7 ratified the agreement recently signed between the Ministry of Railways and a syndicate composed of the China Development Finance Corporation and the British and Chinese Corporation for the issue of the 6 per cent loan of £1,100,000 for the completion of the Shanghai-Hangchow-Ningpo railway.

Lung-Hai Railway Speeds Up Train Schedules

The new trains of the Lung-Hai Railway commenced running July 1. The running schedule has been altered and six hours knocked off in the through journey to Hsuchowfu. There are now three trains each way each day. The railway station at Sian is nearly finished, but round the station is a new town of coalyards and matsheds far from beautiful. Not far away is the great cotton mill belonging to a Szechuen firm which owns several other mills in China. It has cost $2,500,000 and soon is to employ 800 hands, young girls. Conditions of labor are good according to Oriental standards, the Sian correspondent of the *North-China Daily News* states. The workers who live in the mill have spacious dining and recreation rooms and their dormitories look into large courtyards. Each girl looks after twenty rooms and, in spite of the noise and dust, they seem healthy.

Lung-Hai Railway to Build Branch to Carry Coal

In order to facilitate the transport of coal from Iyang, in western Honan, the Lung-Hai Railway administration has decided to build a light railway from Loyang to the mining area, following part of the route of the Loyang (Honan)-Tungkwan (Shensi) Highway. The line will be 30 kilometers long.

Chuchow-Pinghsiang Railway Needs $2,000,000

A sum of $2 millions will be required for the improvement of the Chuchow-Pingsiang Railway, on the Hunan-Kiangsi border, according to estimates made by Chou Liang-chin, technical expert of the Ministry of Railways. Mr. Chou recently returned to Nanking following an inspection of the line in conjunction with representatives of the Chekiang-Kiangsi Railway Administration.

Tsinpu Loan Service Committee Holds First Meeting

The first meeting of the Tientsin-Pukow Railway Loan Service Committee was held at the Ministry of Railways in Nanking July 10. The meeting was presided over by Chang Kia-ngau, Minister of Railways. The chairman stressed the spirit of mutual understanding and good-will that had made possible the successful settlement of the Tientsin-Pukow Railway loans, which, he hoped, would continue in the loan service committee so that the railway's credit would be maintained to the satisfaction of all concerned.

Prison Inmates in North China to Construct Highways

Acting under the orders of the Hopei and Chahar Political Council, the Hopei High Court July 8 ordered various district courts to pick out a number of prison inmates for road construction work in the province.

Hu Chia-chao, the new Provincial Commissioner of Reconstruction for Kweichow, telegraphed to General Chiang Kai-shek, President of the Executive Yuan July 13 petitioning for the remittance of an adequate sum to develop the highways in the province.

Fukien Gets Loan for Highway Construction

A loan amounting to $500,000 has been concluded by the Fukien Provincial Reconstruction Department with the Farmers' Bank of China for completing highway construction and laying telephone network linking Shanghai, Lunyen and Wuping in northern Fukien.

In the United States Court for China

GLADYS MAUDE ARNOLD, Plaintiff, vs. HERBERT OMEGA ARNOLD, Defendant.	Cause No. 4080 Civil No. 1958 ORDER Filed at Shanghai, China, July 2, 1936. William T. Collins, Clerk.

The object of this suit is to secure a decree of divorce:

WHEREAS plaintiff herein, on the 29th day of June, 1936, made application for the substitution of publication for personal service of summons upon the defendant herein; and

WHEREAS it appears from the files of this case that on the 29th day of June, 1936, the Summons for defendant was returned by the United States Marshal for China, "Not to be found within the jurisdiction of this Court"; and

WHEREAS it appears from the files of this case that on the 29th day of June, 1936, Gladys Maude Arnold, the plaintiff herein, filed an affidavit to the effect that the defendant, Herbert Omega Arnold, does not reside within the jurisdiction of this Court.

NOW, THEREFORE, it is, this 2nd day of July, 1936, ORDERED that service upon the defendant be made by publication once a week for three consecutive weeks in the CHINA WEEKLY REVIEW, a paper of general circulation most likely to reach defendant.

IT IS FURTHER ORDERED that the defendant cause his appearance to be entered herein on or before the fortieth day, exclusive of Sundays and legal holidays, occurring after the 25th day of July, 1936, the last day of publication of this Order; otherwise the case will be proceeded with as in case of default.

BY THE COURT.

MILTON J. HELMICK

JUDGE.

CUSTOMS NOTIFICATION NO. 1529

With reference to Customs Notification No. 1478: notifying the enforcement of certain restrictions on commercial intercourse with Italy;

the public is hereby notified that, in accordance with Government instructions, the above restrictions are withdrawn as from to-day's date.

H. O. TONG,
Superintendent of Customs.

PAUL BARENTZEN,
Commissioner of Customs.

CUSTOM HOUSE,
Shanghai, 15th July, 1936.

Frank Murphy to Run for Governor of Michigan

Frank Murphy, U. S. High Commissioner for the Philippines, July 9, tendered his resignation to President Roosevelt in order to become a candidate for the governorship of Michigan. The President announced, however, that, in order to allow Mr. Murphy to continue to work for a solution of Philippine economic and social problems, he would hold up the resignation until Sept. 5, at which time he would grant Mr. Murphy two months' leave of absence, without pay, to permit him to campaign for the governorship.

Further Details Brought to Light of Movements of Spy Recently Convicted in San Francisco

One of the sequels to the recent sentencing by the Superior Court in San Francisco of Thomas Thompson to 15 years imprisonment for espionage engaged in on behalf of Japan, was that police at Baltimore July 7 revealed that Mrs. Grace Kraft, his sister, on September 13, 1935, had asked for a warrant against him on a charge of stealing a radio set. Subsequently it was revealed that Thompson had established contact with a Japanese named "Yokomsky" in room 413 of Alban Towers Building in Washington. He was said to have received at least one payment of $1,000, after which police communicated with Federal officials, resulting in Thompson's eventual arrest. The present occupant of room 413 on Alban Towers Building is the Japanese naval attache, Capt. Tamon Yamaguchi, who was recently in Seattle, where he made arrangements for the forthcoming visit of a Japanese naval squadron.

Ex U.S. Naval Officer Arrested—Alleged to Be in Japan's Pay

John S. Farnsworth, at one time a lieutenant commander in the U.S. Navy, was arrested July 14 on a charge of selling naval secrets to Japan. His arrest followed months of veiled police investigation. He pleaded not guilty.

Export-Import Bank Aids Export From U.S. to China

An announcement made from Washington early last week that exports of the United States to China had been materially aided by operation of the Export-Import bank, and that among the commodities whose transfer was financed through the Government agency were cotton, railroad equipment and a variety of machinery to China, was later corrected by a statement that the Bank had financed only small amounts of industrial machinery to China, and that the account also had been liquidated.

Wealthy Chinese Killed in Street Accident in San Francisco

Charlie Sing, 76-year-old "mayor of Chinatown" at Santa Rosa, Cal., a retired rancher, said to be worth millions of dollars, was killed by a street-car July 10 in San Francisco while he was en route to the Dollar line pier to board the s.s. *President Roosevelt* and return to China.

Dr. Parkes Cadman Dies at Age of 72

The death occurred, at Plattsburgh, New York, July 12, at the age of 72, of Dr. Parkes Cadman, the well-known radio preacher. He started life as a British coalminer working 12 hours a day.

Trade Agreement Between U.S.S.R. and U.S. Reviewed

An exchange of notes took place between the Assistant Commissar of Foreign Affairs, Krestinsky, and the U.S.A. Charge d'Affairs, Henderson, in Moscow July 11 extending for one year the trade agreement between the U.S.S.R. and the U.S.A., which was concluded in 1935.

U.S. Retaliates Against German Export Subsidies

The United States Treasury announced July 11 that in order to combat the effect of the German Government's export subsidies, additional duties ranging from 220 per cent to 56 per cent would be imposed on certain German products to go into effect immediately.

U.S. Taxpayers Support 175,000 Separate Government Units

American taxpayers are supporting 175,000 separate governmental units, in the categories of Federal, State and local administration, it was revealed in a report submitted to President Roosevelt by five members of the Cabinet July 9. The taxpaying situation was described by them as affording "almost unlimited chances for confusion, cross-purposes and waste of effort." The Cabinet members recommended the permanent organization of a Committee on National Resources as a remedy.

Huge Death Roll in U.S. and Canada from Heat Wave

An unprecedented heat wave lasting two weeks was responsible for 1,600 deaths in the U.S. and almost 500 in Canada. The damage from drought in the U.S. is now estimated at $400,000,000. The drought was only partly broken by slight showers in various parts of the country in the fore part of this week. The morgue at Detroit, Michigan, was unable to hold all the victims.

An Eighteen Year-Old American Girl Who Enjoys Adventure

Miss Elizabeth Foster, eighteen year-old American girl who formerly resided in the Philippines, was found by police in Kansas City, June 29. She had disappeared on June 10 while en route from El Paso, Tex., to Cherokee, Ia. Questioned by police, the girl said that she disappeared because she desired to make her own way in the world. Hardly had she been located than she disappeared once more.

JAPANESE CIVILIAN MURDERED IN ALMOST SAME SPOT AS NAKAYAMA WAS KILLED LAST NOVEMBER

(*Continued from page 244*)

their apparent failure to appreciate the seriousness of the case and to deal with the issue conscientiously and with the necessary care. The Nakayama case, representing as it does an insult to the Imperial Navy, is the subject of deep indignation not only among the officers and men in the Service but among our people as well. By restraining our emotions and maintaining a calm attitude, we have awaited the just action of the Chinese judiciary. However, should an attempt be made to bury this case, I fear that the Imperial Navy will be unable to watch such a move in silence."

It is to noted that the Chinese authorities had greatly increased their police patrols in all areas populated by Japanese and were working hard in an attempt to apprehend the slayer or slayers of Kayau who was murdered off Dixwell Road on the night of July 10, the day that the Nakayama trial was concluded.

A Chinese boy near Range Road almost created another incident July 15 by hitting a Japanese marine with a stone that was intended for a stray cat. The stone only hit the marine a glancing blow but was sufficient to ruffle his temper. He grabbed the Chinese boy while a crowd of several hundred Chinese gathered to witness the "show." In the end the Japanese marine let the boy go after giving him a scolding.

Dr. Patton Receives Stamp Albums from Friends on His Retirement from China

Dr. Charles E. Patton, for many years connected with the American Presbyterian Mission and one of the founders of the American Community (of which he was chairman last year) sailed with Mrs. Patton this week on the *President Coolidge* for the United States. They will live in retirement in California. Dr. Patton recently relinquished active duty, owing to ill health. Before he left Dr. Patton was presented with a set of stamp albums by his colleagues in the American Community organization. The volumes were purchased by private subscription of Dr. Patton's associates, no funds of the organization being used.

Doctor from Texas Visits Shanghai in Course of Round-the-World Air Flight

Dr. Bolivar Lang Falconer of Marlin, Texas, stopped over in Shanghai for a brief visit last week in the course of a round-the-world flight he is making entirely by air. He started from the U.S. on the German dirigible *Hindenburg*.

John D. Rockefeller Observes 97th Birthday

John D. Rockefeller, Sr., celebrated his 97th birthday anniversary at Lakewood, N. J., July 8. "I am in good condition," he said, "and my health is simply a miracle."

A Builder Who Was Afraid

Felt Giddy When On Ladders.

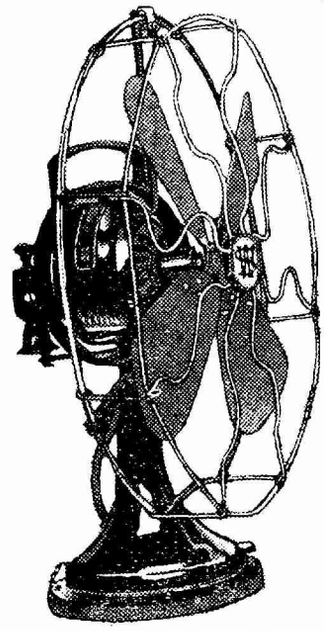
"For two years I suffered from nervous debility," states Mr. C. E. Newbery, of 27, Albany Road, New Maldon, Surrey, England. "Being in the building trade I often have to climb high ladders, and I was afraid I should fall because of the attacks of giddiness from which I suffered. Frequently I had violent pains at the top of my head; on one occasion I fell unconscious in the street. I lost my appetite, could not sleep at night, and became very breathless.

"One day I read of the wonderful cures effected by Dr. Williams' Pink Pills and decided to try them. Steadily but surely a marked change came over me. I began to sleep soundly; my appetite came back, and now after two months' treatment I am hale and hearty again and able to tackle my work without fear."

Health suffers when the blood lacks iron, so if you are a victim of nervous debility, neuritis, rheumatism, indigestion, premature ageing, or any other ailment due to poor blood, begin without delay to enrich your blood with iron. And the sure and tested way to get this iron is to take Dr. Williams' Pink Pills. the old, reliable iron tonic.

The reason is this: these pills contain iron in a form easily assimilated by the blood, and create new, rich blood which brings with it new health, new vigour and strong nerves. Try Dr. Williams' Pink Pills now; obtainable from chemists everywhere.

A. C. 12 & 16-inch Rotamatic, Oscillating and Rotating Desk Fan



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The fans are all economic in electric consumption and are guaranteed for ten years.

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You can restore *natural* regularity with Kellogg's ALL-BRAN. Eat two tablespoonfuls every day or in chronic cases with each meal. How much more pleasant eating this delicious cereal food than abusing your intestines with harsh, habit-forming pills!

Kellogg's ALL-BRAN supplies "bulk" and gently exercises lazy intestines. ALL-BRAN, because of its Vitamin B and iron, strengthens you and enriches your blood. No cooking required. Serve with cold milk or cream. Your grocer sells ALL-BRAN.

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CONSTIPATION

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CUSTOMS NOTIFICATION NO. 1528.

With reference to Customs Notification No. 1525: notifying, *inter alia*, that informants' fees would be issued at the rate of 5/10ths of the proceeds obtained after the disposal of seizure by the Customs;

the public is hereby notified that while the general rate of informants' fees is 5/10th of the proceeds of the sale of the confiscated goods, the amount issued will in no case exceed the equivalent of the full c. i. f. value of the goods concerned.

H. O. TONG,
Superintendent of Customs.

PAUL BARENTZEN,
Commissioner of Customs.

CUSTOM HOUSE,
Shanghai, 9th July, 1936.

OLING
DISINFECTING FLUID
亞林防疫臭水

家庭團體日常必需

防疫消毒增進健康

五洲大藥房發行
International Dispensary Co., Ltd.
SHANGHAI

Szechuen Establishes 20,000 Offices to Sell Opium

The *Ta Kung Pao* July 7 printed a telegram from Chungking, stating that the authorities there had decided to establish 20,000 offices for the sale of opium in Szechuen Province. It was reported that this action would make it impossible for those opium addicts who failed to register with the Government to obtain any opium, and would increase the special revenue by $700,000 per month.

Narcotic Sellers in Shanghai Sentenced to Ten Years Imprisonment

Lieu Lieh-hsien, and Tseng Nan-seng, both Szechuenese, were sentenced to ten years imprisonment in the First Special District Court in Shanghai July 4 on charge of salling narcotics. During the hearings it was revealed that they had hollowed the middle parts of rolls of cloth, hid the narcotics in the hollowed part of the cloth, and then sent the cloth from Szechuen to Shanghai through the Post Office, officials of which never suspected that the cloth contained narcotics.

Heroin Smuggler Leaps from Moving Train

On a southbound Tientsin-Pukow train as it neared Tsouhsien on the night of July 3 a train guard discovered several pieces of luggage scattered about in great disorder. The owner of the bags, one Chang Ke-yi, was ordered to put them in order. Instead of doing what he was told, Chang leaped out from the running train. The train came to a halt and Chang was picked up. When the guards searched his bags they found therein five kilograms of heroin.

Foreign Settlement Authorities to Respect Chinese Opium Prohibition Laws

Central News July 10 stated that the Shanghai foreign settlement authorities have agreed to respect the Chinese opium prohibition laws in principle as a result of repeated negotiations between local Chinese authorities and the responsible officials of the settlement councils.

The morning after the night before? And Mail Day too! It's hard on you, but why pass your grouch on to others—for instance the little lady aid in the office?

Under such circumstances Pinkettes are perfection. Taken just before going to bed, they enable you to rise feeling fit and fresh in the morning. There is nothing better to aid digestion, stimulate the liver, dispel constipation, banish biliousness and sick headache, in short to quickly remove the causes of your ill-temper and gloom!

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Of chemists everywhere.

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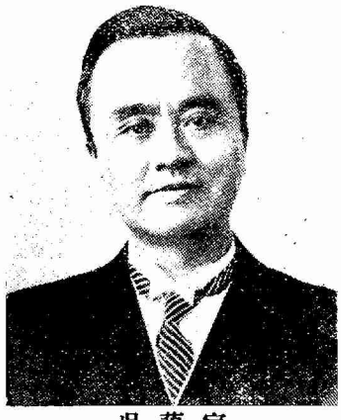
Who's Who in China

Aitchen K. Wu, diplomatic official; born at Foochow, Fukien, 1891; received his *Chu Jen* degree (M. A.) under the Manchu regime and served as junior officer in the Ministry of Education, 1908; graduated from the Peking National University with E. M. degree, 1913; went to U. S. A. twice for special study, 1915-17, 1920-21; junior staff in the Ministry of Communications of the Nanking Provisional Government; lecturer at Peking National University; secretary in the Ministry of Interior; Superintendent of Customs of Hankow and concurrently Commissioner of Foreign Affairs for Hupeh, where he worked out new Municipal Regulation for trial after the retrocession of Russian Concession, Hankow, and thus he was made the first Director of Hankow Second Special District, 1925; these Regulations were afterwards adopted for the retrocession of British Concession in Hankow, 1927, known as "Chen—O'Malley Agreement;" advisor to the Hupeh Provincial Government; President of the Hankow Y. M. C. A., 1925; advisor to the Chihli Provincial Government; secretary, Tientsin Special Municipality; co-Director of the General Affairs Department of the Haiho Improvement Commission, Tientsin; high advisor to the Sinkiang Provincial Government (Chinese Turkestan); member of the Sinkiang Provisional Government and concurrently executive member of the Rehabilitation Commission; Special Commissioner in Sinkiang appointed by the Ministry of Foreign Affairs 1933; assisted Dr. Lo Wen Kan, then Foreign Minister, in his tour of inspection to Tarcheng and Ili, Sinkiang, in the same year; he resigned from his post on September 1934, shortly after he was called back to Nanking to report on the political situation in Western border regions; appointed Consul General at Blagovestchensk, U. S. S. R. on Feb. 1936, which position he still holds up to the present; was awarded the third class Chiaho decoration; author of "Our outstanding problems with Foreign Nations in North China;" "Experiences in Sinkiang" with "Travels in U. S. S, R." annexed; translated the book entitled "Mussolini;" contributor to various publications; address: The Chinese Consulate General, Blagovestchensk, U. S. S. R.



吳藹宸
Aitchen K. Wu (Wu Ai-chen)

吳藹宸，福建閩侯縣人，現年四十五歲，前清舉人，學部七品小京官，民國二年國立北京大學畢業，兩次赴美考察，歷任南京臨時政府交通部部員，國立北京大學教授，內務部秘書，江漢關監督，外交部特派湖北交涉員，經辦接收漢口俄租界事宜，漢口特區管理局局長，湖北省長公署外交顧問，漢口基督教青年會會長，直隸省公署外交顧問，天津特別市政府秘書，天津海河整理委員會總務處副處長，新疆省政府高等顧問，臨時省政府委員兼善後委員會常務委員，外交部駐新疆特派員，隨同前外交部長羅文幹出巡塔城伊犂等處，二十二年四月奉調回京報告邊疆外交，是年九月呈請辭職，二十五年二月二十九日任駐黑河總領事，曾得三等嘉禾章，著有華北國際五大問題，新疆紀遊附蘇聯遊記等書，譯有莫索里尼一書，時有論著，見國內各雜誌。

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THE CHINA WEEKLY REVIEW
160 Ave. Edward VII, Shanghai.

In the United States Court for China

ADELAID VAN DE VEERE, Plaintiff,
vs.
CLYDE E. VAN DE VEERE, Defendant.

Cause No. 4083
Civil No. 1961
ORDER
Filed at Shanghai, China, July 8, 1936.
WILLIAM T. COLLINS
Clerk

The object of this suit is an action for divorce.

WHEREAS, plaintiff herein, by her attorneys, has this 8th day of July, 1936, made application for the substitution of publication for personal service upon the defendant herein; and

WHEREAS, it appears from the files in this case that on the 8th day of July, 1936, the summons for defendant was returned by the United States Marshal for China with the following noted thereon: "Defendant cannot be found within the jurisdiction of this Court"; and

WHEREAS, it appears from the files in this case that on the 8th day of July, 1936, the plaintiff herein filed an affidavit to the effect that the defendant does not now reside in China nor has he resided therein since 1934, and that defendant's last known address was Seventh & Hill Streets, Los Angeles, California, United States of America.

NOW, THEREFORE, it is this 8th day of July, 1936, ORDERED that service upon the defendant be made by publication once a week for three consecutive weeks in the "CHINA WEEKLY REVIEW", Shanghai, China—a paper of general circulation most likely to reach the defendant.

IT IS FURTHER ORDERED that the defendant cause his appearance to be entered herein on or before the fortieth day, exclusive of Sundays and legal holidays, occurring after the 25th day of July, 1936, the day of last publication of this Order; otherwise the case will be proceeded with as in case of default.

BY THE COURT:
Dated at Shanghai, China,
this 8th day of July, 1936.

MILTON J. HELMICK
Judge.

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Your work should bear our imprint

The National City Bank of New York, Rates of Exchange
Shanghai, July 15, 1936

Demand selling rate on America:	U.S. $1.00=Sh. $ 3.34
Demand buying rate on America:	U.S. $1.00=Sh. $ 3.29
Demand selling rate on London:	£1.0.0=Sh. $16.84
Demand buying rate on London:	£1.0.0=Sh. $16.59

Men and Events

Huge quantities of foodstuffs are being shipped out of Shanghai and Wuhu to Japan, according to the *Sin Wen Pao*.

A. T. Steele, formerly connected here with the *Associated Press* bureau, is expected to return to China next week to take over his new duties as head of the new *New York Times* office in Nanking.

Gen. Ho Yao-tsu, China's first Minister to Turkey, who is now on his way back to China professedly on a leave of absence, will not be returning to Angora, according to well-informed circles in Nanking.

J. Lamar McElhany was elected President of the Seventh Day Adventists at their general conference in San Francisco last month. He had recently returned from a tour of missions in Mexico and Central America.

March 12, the anniversary of the death of the late Party Leader, Dr, Sun Yat-sen, will hereafter be observed as a general holiday for laborers throughout the country, according to a decision reached at a meeting of the Executive Yuan July 7.

The Ministry of Education is making preparations for the establishment of a Pharmaceutical College in Nanking. A sum of $26,000, as initial expenses for the proposed institute, has already been included in the National Budget for the current fiscal year.

Various officials of the Palace Museum and the Government Museum in Peiping will attend the first annual convention of the National Museum Association which will be held in Tsingtao from July 20 and July 24 jointly with the National Library Association.

The body of a young student, about 20 years old and wearing foreign othes, found in the Yu Shu Chuan spring, Hsiangshan, Peiping, on the afternoon of July 7, was later found to be that of a student named Huang Ta-jen, a native of Manchuria, who had committed suicide.

Mrs. Ruth Bryan Owen, U.S. Minister to Denmark and daughter of the late William Jennings Bryan, was married July 11 to Capt. Boerge Rohde, a member of the bodyguard of the King of Denmark, at the home of the bride's daughter, Mrs. Robert Lehmann, on Long Island.

Mr. and Mrs. E. S. Little July 8 celebrated the anniversary of their wedding which took place in England 50 years ago. They are now on a holiday at Peitaiho. Mr. Little was for many years representative in China for Brunner, Mond & Co. (now Imperial Chemical Industries (China) Ltd.

A large number of American naval vessels left San Diego July 6, on cruises which will last more than a month. The battleships *Pennsylvania*, *Texas*, *New Mexico*, *Maryland*, *Idaho*, *Arizona*, and *Tennessee*, and several destroyers left San Francisco on the same date for Hawaiian waters, where they will engage in maneuvers.

Dr. Toyohiko Kagawa, well known Japanese social worker and Christian leader, who is now visiting in the United States and Canada, is expected to pass through Shanghai in September, on his way home from London. During his brief stay here, Dr. Kagawa will deliver a series of lectures before Chinese, Japanese and foreign audiences.

Anthony Eden, British Foreign Secretary, announced in the House of Commons July 7 that the League of Nations' conference on the traffic in women and children would be held in Java next February. The French, Chinese, Portuguese, Netherlands, Siamese, Hongkong, and Straits Settlements Governments, will send representatives to the conference.

Herbert Allan Kaw was admitted to the Victorian Bar of the State Full Court in Melbourne, Australia, recently—the second Chinese to achieve that honor. He is a brother of Alex Kaw, who arrived in China some months ago from Australia for the purpose of forming a Sino-Australian textile factory, the founders of which include R. Calder-Marshall and Prof. Alfred Barker.

Dr. Y. Z. Chang, of the faculty of National Central University of Nanking, and now exchange professor of English at the University of North Carolina, has been invited by the University of Michigan to teach there. He is at present in the United States on exchange with Dr. E. E. Ericson of said university, though Dr. Ericson has returned to the United States from his term of duty in China.

Paul Naggiar, the first French Ambassador to China, presented his credentials to Lin Sen, chairman of the National Government, July 9. At noon M. Naggiar was honor guest at a luncheon given by Lin Sen, and among those present were Chu Cheng, president of the Judicial Yuan, Dr. H. H. Kung, Minister of Finance, Gen. Chiang Tso-pin, Minister of the Interior, and Wu Ting-chang, Minister of Industries.

Dr. Wu Lieh-teh, Director of the National Quarantine Service, who recently returned to Shanghai after supervising the opening of a large quarantine hospital at Hankow, proceeded to Amoy this week where he is also inspecting a new building which is in effect an emigrant station. Five or six thousand outgoing passengers sail from Amoy every month and it will be a function of the new station to make a medical inspection of the emigrants.

Jean Michaux, correspondent of the Paris *Soir* and *L'Intransigeant*, two prominent daily newspapers in the French capital, was drowned at the Island of Pootoo while swimming July 5. His body was recovered a week later. Interment was made in the Catholic cemetery at Ningpo.

Leading Japanese financiers are planning to organize an exchange in Shanghai, according to well-informed business circles. It may be recalled that a number of Japanese merchants in Shanghai had tried to organize such an exchange some time ago. Due to opposition from Chinese circles, the plan was abandoned.

The death occurred in Shanghai July 12 of William Penn Hughes, who was the holder of a Congressional Distinguished Service Medal for heroic service on the U.S.S. *Jacob Jones*, destroyer, which was hit by a missile from a German submarine in the North Sea Dec. 21, 1917. He was a native of Scranton, Pennylvania, 43 years of age.

Kaname Wakasugi, Councillor of the Japanese Embassy in China, was appointed July 14 to serve concurrently as Consul-General in Shanghai. Tatsuo Kawai, Consul-General in Canton, who was originally scheduled to succeed Mr. Ishii in the Shanghai post, has been confined to sick-bed as a result of typhoid fever. K. Nakamura, Japanese Consul-General at Haichow, will succeed T. Kawai as Consul-General at Canton at the end of this month.

The Southern Methodist Mission July 7 completed a six-day Young Peoples Conference in Wusih. Dr. T. C. Chao of Yenching University was guest speaker, while among other speakers were Dr. Z. T. Kaung of Soochow and Y. Y. Wong of Shanghai. The theme of the conference was "Christian Youth Building a New World Following Christ." Altogether 150 people attended, representatives coming from Huchow, Nanking, Changchow, Wusih, Soochow, Sungkiang, Shanghai and a number of smaller places.

Mrs. Donald MacGillivray, the widow of the late Dr. MacGillivray who for many years was general secretary of the Christian Literature Society for China, was entertained at a farewell party, by officers and staff members assembled in the Society's hall at 128 Museum Road, Shanghai, July 8. She will sail in the ss. *Empross of Canada* on July 26. She is retiring from active work in the C.L.S. and intends to spend some time in Canada before going on to England where she will reside for an indefinite poriod.

The British forces at Singapore held sham maneuvers last week. An "enemy" force landed in Singapore on the night of July 6 but was completely routed by the defence forces, in the course of the maneuvers. The "invading" army landed under cover of darkness on the southeast coast of Singapore, and stormed all strategic positions. Disembarking from warships and rowing to shore, the "enemy" completely surprised the shore defenders. Garrison detachments were immediately rushed to the area, however, and repulsed the attackers with rifle, machine-gun and artillery fire.

The United States Court for China was occupied for several days last week in hearing a suit brought by Otto Verfuerth against the Kofa Drug Co., claiming $2,475 and $1,200 as money due him under a verbal contract that he had with the company. According to the contract. Mr. Verfuerth said he was to have received regular increases in salary and in the event of dismissal was to have been given six months notice and his fare back to Germany. He is a qualified pharmacist. According to the evidence, he was dismissed on six weeks' notice.

The long-term financial outlook of the Commonwealth of the Philippines has improved of late, recent Washington advices stated. Collections of coconut-oil taxes already exceed $31,000,000 and are likely to reach $40,000,000 before final judgment on the validity of paying the funds to the Islands is made. If the funds then become available, together with the devaluation-loss funds, the Philippines would have abundant money with which to retire outstanding dollar bonds, and thereby eliminate one of the chief Congressional arguments for levying export taxes after five years.

So as to lighten the burden of the people, the special levy imposed on every household for the promotion of the pao-chia (mutual gurantee) system in Kiangsi province was abolished by order of the Provincial Government at Nanchang July 1. The levy thus collected yielded an annual income of no less than $4 millions to the Provincial Government, but the expenses for the work in connection with the pao-chia system have been reduced to $1,200,000. In view of the abolition of the special levy, 20 per cent of the surtaxes on the Farm, Business and Slaughter Taxes will be set aside for the pao-chia maintenance fund.

The Rev. Paul Yu Pin has been appointed by Rome to be Vicar Apostolic at Nanking. He is a graduate of Aurora University at Shanghai. Dr. Yu, is the first Chinese to be appointed to the Nanking bishopric. He is a native of Heilungkiang, He went to Rome to study in the Vatican Propaganda Department in 1934 and is the holder of three doctoral degrees of philosophy, theology and economical sciences. The Very Rev. Joseph T. Chang, former Apostolic Prefeet of Hupeh and now a professor of Chinese in the College for the Propagation of the Faith, was July 9 appointed Titular Bishop and Apostolic Vicar of the Sian-Hwafu area.

Rev. Brother Julien of the Marist Order, a teacher in Aurora University, Shanghai, celebrated his seventieth birthday this week. He has been in China 45 years.

Robert Y. Horiguchi, editor of the English Service of the *Domei News Agency*, is spending a three-weeks' holiday in North China and Manchukuo.

W. K. H. Campbell, the League's co-operatives expert attached to the National Economic Council, flew to Lanchow, Kansu, July 14 to investigate co-operative enterprises in that province.

Dr. W. B. Pettus, director of the School of Chinese Studies and the California College in China Foundation at Peiping, who has been in the United States for several months, is planning to sail from San Francisco for Shanghai on August 7. Dr. Pettus is accompanied by Mrs. Pettus.

J. D. White, resident correspondent for the *Associated Press* in Peiping, was operated on at the Peiping Union Medical College on Wednesday of this week for gall stones and appendicitis. The double operation was performed by Dr. H. Loucks and according to latest reports Mr. White was recovering.

Although the American Association at Mukden has dwindled to the smallest membership ever recorded since it was founded in 1919, the members celebrated Fourth of July in enthusiastic fashion, with a barbecue and drinks. Guests included Japanese and Manchukuo officials, foreign Consular officials and members of the foreign community.

W. Reginald Wheeler, of the faculty of the University of Nanking, sailed from Shanghai with his wife and two sons on the *President Coolidge* for America July 14. Mr. Wheeler came to China in 1915 and has been associated with the work of three Christian institutions of higher learning in China, having been secretary of Hangchow College, secretary of Yenching University, and for the past four years having been on the faculty of the University of Nanking.

Marked progress in the work of the Nanking Women's New Life Movement Association has been noted since the appointment of Madame Chiang Kai-shek as its chairman, a Nanking message states. With a view to improving its work to a better degree, the Association has recently adopted a five-point program, which provides for a national conference to be held in August, probably at Kuling, for the purpose of investigating the conditions of women in all parts of the country.

Japanese Consular detectives July 13 arrested a Korean named Li Kou, who was charged with having swindled several leading Nipponese residents here of $250 to satisfy his penchant for Hai Alai and petite Chinese dancing partners. To men whom he victimized, he represented himself, according to the Shanghai *Mainichi*, as an official of the Manchukuo Government. A police investigation has established that Li left behind in Japan a trail of unpaid bills.

Workers of Silk Filatures in Wusih Go on Strike

Ten workers were seriously injured at Wusih July 12 when police beat them near the Yung Tai Silk Filature, in connection with the recent strike of the workers of the filatures. Angered by the action of the police more than thirty workers of a nearly iron works proceeded to the police station and destroyed everything inside it.

It is estimated that more than 30,000 workers of 34 filatures at Wusih are idle. The local authorities are trying to mediate for an early settlement.

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77-289

New Books of Interest in the Far East

Yoshiwara Provides the Setting

To The Mountain: Novel on Japanese Life, by Bradford Smith. New York and Indianapolis, Bobbs-Merrill Company.

The Wooden Pillow: Novel of a Foreigner and a Geisha, by Carl Failas. London and Toronto, Willian Heinemann, Ltd.

When two foreigners, an American and an Englishman, write novels of Japanese life using somewhat similar themes and selecting their heroines from the Geisha house and Yoshiwara, its an interesting coincidence to be noted and commemorated. Of the two novels the American, Bradford Smith, has the better of it as his story deals entirely with Japanese life while the Englishman's novel covers familiar ground—a love affair between a foreigner and a geisha. Both are worth reading for entertainment and more, the insight they provide into this interesting phase of Japanese life which the Englishman designated as "regimented women."

Bradford Smith, author of "To the Mountain" is a native of North Adams, Mass., who, after a course at Massachusetts Tech. and Columbia went to Japan and taught at St. Paul's University. His position there and as visiting lecturer in English composition at the Imperial University put him in closest touch with the youth of Japan with whom this novel deals.

"To the Mountain," typifies the drama of modern Japan—the struggle between the old and the new, between ancient, Oriental tradition and Western innovation, between the lovely grace of a knightly culture and the spirit of war and conquest, between Christianity and Shintoism. The title is derived from the all too familiar theme of youthful suicides by the volcano route. Shigeo, quiet, thoughtful serious student, son of a rich oil merchant, falls in love with Kimi, rescued from the Yoshiwara to which her poverty-stricken parents had sold her at the age of fifteen. At the house in the Yoshiwara she is selected and reserved for the exclusive pleasure of Yamano, rich oil merchant who had grown fat and prosperous out of the oil trade greatly stimulated by the Manchurian campaign of the Imperial Army. Colonel Honjo, idealistic army officer, used his meager salary to maintain a refuge for unfortunate women, most of them rescued from the Yoshiwara. Hearing of the girl Kimi he outbids Yamano and obtains the girl for his "City of Light," where Shigeo makes her acquaintance while attending a Christian religious service conducted by officer Honjo. Then follows an intricate triangular struggle, father and son for the girl Kimi, Shigeo not being aware of his father's previous relations with the girl. The end is the inevitable—purchase of a one-way ticket "to the fire mountain" at Karuizawa. It's an interesting story of modern Japan and its regimented women of Yoshiwara, the war spirit, crowded universities, communism, or "dangerous thoughts," and police persecution.

"The Wooden Pillow" covers the more or less familiar ground of an affair between a foreigner, young Grief and O Kayo San, which began in a Japanese hotel and ended—in a police station. The title is symbolic...there are peeps into the hearts of the elusive Geisha and into the lives of exotically beautiful girls in a land where so many women—regimented—for centuries, down to the present, have in fact and metaphorically slept upon a high wooden pillow—in order to keep from "mussing" their hair. It also provides an insight into life in Japan but not to the depth of the novel by the American writer. B. J.

Yale Professor Says U. S. Silver Policy Hurt China

Our Silver Debacle, by Ray B. Westerfield, Ph.D., Sc.D., Professor of Political Economy at Yale University. New York: The Ronald Press Company.

The most important chapter in this book, viewed from this part of the world, is the ninth, "Did the United States Help China and Promote Recovery?" After mentioning that in preceding chapters extensive attention had been paid to the theory that raising the world price of silver would help China import foreign goods and re-establish her domestic economy and thereby promote world-wide recovery from the depression, the writer describes the situation as it was in 1931. As is the usual case, he states, inflation promoted Chinese exports. These consist largely of raw or semi-finished products, the prices of which being expressed in gold there, were declining; however, since the foreign gold values could be coverted into silver values in China at very favorable exchange rates, the Chinese were able to sell into the world markets without lowering the prices of their products expressed in domestic silver money. The advantage realized by China in exporting her products through the declining value of silver was upset by the defection of Great Britain and other countries from the gold standard between 1931 and 1933, as the exchange value of the Chinese dollar was raised in terms of sterling, dollars, yen, and other depreciated currencies. In other words, by shifting to a paper basis or by devaluating their standard gold coins, these countries offset the depreciation of silver in China. The final blow came in 1932, when on account of propaganda and political pressure, legislation "doing something for silver" seemed assured, the price of silver ceased to fall, whereas world commodity prices, in terms of gold, continued downward. Both forces dragged Chinese export prices downward. The author in this connection expresses his opinion as follows:

> "In the light of American experienee, if our government really wanted to help China, it surely would not have visited upon her a falling commodity price level. Indeed, our domestic national policy, aimed at recovery and equity as between debtors and creditors, was at that very time to raise the price level, not to lower it; and it smacks of the ridiculous to argue that inflation will help the United States recover but deflation will help China recover."

Discussing China's abandoning of silver, the author comments that China, after repeated pleas to the United States Government for relief, finally adopted the same defensive and offensive tactics, as those used by her occidental competitors. The U.S. government had gone off gold, had nationalized gold, bid up its price, and finally devalued its standard unit; and more recently had been pursuing quite the same policy with respect to silver. In other words, the U.S. had selfishly pursued a nationalistic policy to the disturbance of international exchange and to the discomfiture of the rest of the world. China had suffered terribly from America's actions, allegedly done in her interest. Even if the theory of the silver bloc in forcing up the price of silver had been correct, the depreciation of the Chinese currency, under the action taken on Nov. 3, 1933, in the opinion of the author, was sufficient to defeat all the possible benefits to American foreign trade with China which the silver policy was expected to bring. "Currency depreciation is a game at which two can play, and its net effect is to reduce the total of foreign trade, by occasioning barriers of many kinds," Mr. Westerfield comments. Discussing the Kemmerer Commission, the author remarks, "It appears, therefore, that China was set for a trial of the gold exchange standard, and our silver program was flying in the face of this project." G. M.

The World in Crisis

The Great Crisis and its Political Consequences: Economics and Politics, 1928-1934. By E. Varga. London, Modern Books, Limited, 1935. 175 pages, Cloth 5s, paper 2s. 6d.

It was so recently as in December of 1928 that President Coolidge declared in his congressional message "The country can regard the present with satisfaction and anticipate the future with optimism." The next year Alfred Sloan, president of General Motors asserted, "My standpoint regarding 1929 is based on the conviction that our general economic and industrial situation is thoroughly sound." Such wholly mistaken and futile analyses of the situation have supplied the communist with his material to prove that the economic crisis of 1929-1933 is to play a special role in the history of capitalism, with the most far-reaching consequences.

The author of this book, formerly professor of Political Economy in Budapest University, is now Director of the Institute of World Economy and Politics in Moscow. He has based his argument upon Karl Marx's theory of crises and cycles to show that the present depression presents the clash of capitalism and communism, the struggle between bourgeoisie and proletariat and imperial antagonisms, which must inevitably lead to the success of communism.

Professor Varga sees in the general crisis the death blow of capitalism, manifested in the flourishing progress of the Soviet Union, in the existence of Soviet China (sic), in the expansion and intensification of the colonial revolutionary anti-imperialist movement. He sees this evidenced also in the feeling of general insecurity and the difficulty of new capital investments and long-term enterprises all over the world. The chronic narrowness of the market is manifested in the chronic agrarian crisis which is permanently reducing the agricultural population's purchasing power for industrial commodities; in the chronic surplus of capital, particularly of industrial, trading and loan capital; and in chronic mass production. The author enlarges upon these points to show the breaches in capitalism, to prove his point that this crisis is of exceptional depth and intensity.

The outlook for the capitalist state, according to Professor Varga, is dark. The bourgeoisie is incapable of utilizing the productive forces created by it; the state apparatus is used for the plunder of the entire population; the consuming power of society is being restricted and the contradictions between productive forces and production relationships are intensified. He predicts that the present depression will drag on for many years, with brief periods of change, without passing into a period of prosperity. This, finally, will be succeeded by a new, deeper and more devastating economic crisis. The bourgeoisie, he says, will look to war as a way out, and the proletariat will seek its way out in the offensive against the rule of the bourgeoisie. The books ends with a plea to the working class to overcome their differences and establish a united front for their final victory.

With much point the author quotes against the capitalist system from the *Manchester Guardian* of September 1, 1931: "We

know more of the velocity of an election than we do about the velocity of money. We know far more about the cycle of the earth about the sun than we do about the cycle of trade. We can predict the movement of unseen and inconceivably remote heavenly bodies with vastly greater accuracy, than we can predict the end of the trade slump." When one has finished reading this study, one wonders if the same observation regarding knowledge and ignorance might not be used with equal accuracy concerning the communistic interpretations of the problems considered.

F.M.R.

The Soviets in Relation to the World

The Soviet Union and World Problems, the Harris Foundation Lectures. The University of Chicago Press, Chicago, 1935. 254 pages, with appendices, graphs, two maps and index.

Five lectures delivered at the 1935 Institute held at the University of Chicago under the Norman Wait Harris Foundation, together with an introduction by the editor, Samuel N. Harper, make up this volume. Three are by Russians of the new order, the others by sympathizers with the Soviet program. One of the last two is Professor Kohn from Prague; the other awell-known American historian, Professor Malbone W. Graham.

The Soviet Ambassador, the Chairman of the important Amtorg Trading Corporation and a correspondent for a leading Moscow newspaper will naturally approach their subjects with bias. Indeed, the entire book is a somewhat glorified account of the Soviet Union. The chapters were intended as bases for discussion and they each present views which must have been greatly enriched by round-table methods of discussion.

"A world of free states" is the dream of Soviet Foreign Policy. In foreign trade "widespread economic intercourse" and "peaceful economic collaboration with other countries" is desired. The opening up of the country "under its new, planned economy will change its whole structure, configuration and its very face." As to nationality we find a paragraph by Hans Kohn which is less trite, more like a statement of platitude than the above three sentences which are taken from the first three lectures. "In the Soviet Union no privilege of a particular language is recognized. Language ceases to be a problem of national power; it becomes again as it was before the advent of the age of nationalism—a natural element of human intercourse—after having been for over a century an object of passionate struggle for prestige and influence. It loses nothing in this way in cultural value, but a good deal in its emotional political appeal; and the Russian language, now that it is no longer privileged or imposed, can develop by free consent into a *lingua franca* for the multilingual union."

This statement gives us a thrill and then we turn the page and read: " . . . The federation brings to the nationalities of the Union equality and freedom from national oppression. This achievement is facilitated by the fact that the Soviet government is a supranational government and Soviet doctrine believes in the equality of men and races. But the Soviet government does not believe in freedom of thought; it is bound by a strict and rigid faith, and no deviation from its orthodoxy is tolerated. No freedom of thought and no development and propagation of heretic or different systems of thought or faith are allowed to individuals or to the national groups. The nationalities within the Soviet Union are protected against oppressien by any other nationality, but some of their members may complain about a form of intellectual oppression which works through a most powerful system of indoctrination. Just as in the old Russian Empire, all government agencies worked in the interest of the Russian nationalist idea, all government agencies in the Soviet Union work in the interest of a supranational socialist idea."

Professor Graham in discussing the Soviet Peace Policy sums up as follows—"Thus, in the space of less than two decades, as history goes, the peace policy of the Soviet regime has swung full cycle. . . . In lieu of appeals and manifestoes to peoples, we find intergovernmental consultations, compacts, and covenants among the peace-minded members of the international community. In lieu of the now almost threadbare conception of neutrality, cornerstone of the first security structure, we find partiality, refusal to aid the aggressor, and, finally, pledged mutual assistance. In lieu of the barren enunciation of abstract principles, today we see the institutional implementation of a new code of international legality and a new suffusing international ethic—the renunciation not only of war but of all international violence. The policy of the Soviet Union today, as likewise the policy of Britain, France, the Baltic States, and the Little Entente, is one of peace, avowedly based on the solidarity of all peacemakers, whether bourgeois or proletarian, and on the collective organization of the peace of the great community."

The book is well planned. The appendices give treaty texts; index and maps are useful.

June, 29, 1936. G. B. S.

中華民國統計提要

Compendium of Statistics of the Republic of China

(*Published in Chinese*)

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(Offer ending August 31, 1936)

This is a compendium of the statistical reports submitted by the Bureau of Statistics to the National Government for approval before publication. In its more than 1,100 pages are 330 tables and charts, dealing statistically with the physical background of the country, and its political, social and economic activities under thirty-six categories in total. All the data embodied herein, whether official or private in source, have been carefully verified by experts either in official or in private capacity; and final approval of the National Government has been secured before being released for public reference.

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The 1936 edition is in process of preparation and will be published in September of this year. Price $50.00. It will contain about 1000 pages and financial, historical and credit information on about 6,000 firms as well as about 1,000 of the latest audited Balance Sheets.

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77-291

Posthumous Works of Late Alexander Wylie to Be Published in Japan

Announcement is made by the Alexander Wylie's Posthumous Works Publishing Association, Yodobashika, Tokyo, that it is publishing the posthumous works of the late Alexander Wylie, one of the founders of the North China Branch of the Royal Asiatic Society and the translator of the New Testament into the Chinese and Manchu lanaguges. The late Mr. Wylie was a well-known missionary and a scholar in the latter part of the 19th Century, one of his notable works being "Notes on Chinese Literature" which was published in 1867.

Copies have been received in Shanghai of the annual report of the American National Red Cross for the year ended June 30, 1935. The report states that during the year under review the American Red Cross gave service in the greatest number of disasters which have occurred during any single year in the 54-years history of the organization.

"Technical Cooperation between China and Geneva" is the title of a treatise compiled by Tze-hsiung Kuo, published as No. 6 of the *Information Bulletin* series issued by the Council of International Affairs at Nanking. The author was formerly professor of international relations at the Central Political Institute in Nanking and is at present a Research Fellow of the Council of International Relations.

Is South China Anxious for Peace?

BY THE REVIEW'S SOUTH CHINA CORRESPONDENT

In spite of all the rumours to the contrary, the key-note of the whole military situation in South China is peace between Nanking and the Southwest and a desire for resistance against Japanese aggression in North China. Japanese news agencies recently made out that the stir in the South was a plot to promote another civil war in this troubled country. Such is not the case. To-day, the situation has changed: the people throughout Kwangtung and Kwangsi are clamouring for peace.

The numerous rumours deliberately circulated by the Japanese regarding "impossible" Southwest demands to be presented to Nanking are labelled here as absolutely without foundation. From the best informed sources in the Southwest, it is learned that not only are there no impossible demands as alleged but that there is not a single demand made by the Southwest with which it is impossible for Chiang Kai-shek to comply. First and foremost, the Southwest wants peace, but it sincerely believes that unless the Japanese encroachment in North China is effectively checked—even by armed resistance under the leadership of the Nanking Government—peace within the country would be impossible.

The withdrawal of all Kwangtung and Kwangsi troops from Southern Hunan, completed between June 12 and 15, is pointed out as another indication of the Southerners' desire for peace in China.

Since June 15, not a single Cantonese or Kwangsi soldier has crossed the Hunan frontier. Meanwhile all newspapers in the Southwest were unanimous in their clamour for peace and unification between Nanking and the Southwest, which will certainly be jeopardised if hostilities should break out. Therefore, editorial comments in the South have jointly declared that whosoever fires the first shot on the Kwangtung-Hunan frontier should be regarded as the arch enemy of all China. A war will only mean creating fresh opportunities for our eastern neighbours for more excuses of advancing troops in South and North China. Already at this very early stage, when there is every prospect of a peace settlement by the second plenary session of the Kuomintang Central Executive Committee and Central Supervisory Committee, Japanese Navy sent two warships to Swatow without even going through the formality of notifying the proper Chinese authorities. So Japan is the one more than anyone else who desires a civil war in China.

Peace Delegates Disappointed

A peace movement emerged from Canton last week. Public bodies, Kuomintang institutions, labour unions and schools organised a peace deputation to Nanking, consisting of 324 members including 24 ladies and 43 students. These delegates intended to go to Nanking to petition the second plenary session of the C.E.C. to do their utmost to avoid civil strife and to organize armed resistance against the Japanese. The movement was a patriotic expression of the Kwangtung people and is in sympathy with the Southwest Government's anti-Japanese stand. The deputation, however, was doomed never to reach Nanking. A foreign shipping company had been advised by Nanking not to allow the delegates to board a certain steamer and only a part of the delegates got away from Hongkong in time last Monday travelling by the steamer Shantung.

Delegates to Conference

Five Southwest delegates and members of the Kuomintang Central Executive Committee under the leadership of Mr. Huang Lun-shu (Kwangtung's Commissioner of Education) left Hongkong by the President Jefferson on July 7 for Shanghai. They will attend the second plenary session of the Kuomintang Central Executive Committee and Central Supervisory Committee. Their departure dispelled, once and for all, rumours that the Southwest had presented impossible demands to General Chiang Kai-shek. These delegates, from the best informed circles, brought with them no demands which had any ulterior motive; all of their demands concern China's foreign relations, namely:

1. Severance of diplomatic relations with Japan.
2. Opposition to the increase of Japanese troops in North China.
3. National mobilisation against Japanese aggression.
4. Non-recognition of Sino-Japanese armistices signed after September 18, 1931.
5. Restoration of free speech and freedom for patriotic movements.

Anti-Japanese Boycott Movement

In view of the fabrication by certain Japanese news agencies that the Southwest movement was foreign-inspired and that Japanese advisers were still working with the Kwangsi Government, it is significant to note that on June 30, the Canton correspondent of the South China Morning Post, the English daily with the largest circulation in South China, reported that the Anti-Japanese National Salvation Society of Canton would resume its activities immediately. As before, the prohibition on the acquisition of Japanese goods will be extended to every quarter of Kwangtung. Traders will have to register the quantity of Japanese products they have in stock before permission to sell will be granted.

What is more important still is the fact that the Canton Police Commissioner, General Ho Lok, and the Commander of the Military Police, have consented to become advisers of this boycott society; thus the society can proceed with its work smoothly without fear of hindrance of any kind.

On the same day when organisation of the anti-Japanese society was published in the Hongkong British journal, the Canton Daily Sun reported that following a meeting of the Wuchow Anti-Japanese National Salvation Union a number of important resolutions were passed by the Union. One of the resolutions passed was that the Union should take prompt action to organize a special Anti-Japanese Goods Investigation Commission to check the importation of Japanese goods into Kwangsi. It was decided that pickets be sent out from that day to search all steamers and junks arriving in Kwangsi, to see that no Japanese goods were being carried.

In the light of all these strong anti-Japanese developments, therefore, it is quite impossible that the Kwangsi Government can still have in its employ Japanese advisers, if Kwangtung and Kwangsi's own foremost seaport, Wuchow, are both organising an anti-Japanese boycott with renewed vigour.

Not only has the Southwest Government no intention of soliciting Japanese support in any direction whatever, but they firmly realise that if China were to look for foreign support it could only find sympathy from England and America. The two latter foreign powers have the largest share of interests in South China. It is mainly due to the presence of British and American interests in this part of the country that the Nippon militarists have refrained from extending their aggressive activities in Southern China.

Creating Opportunities for Japan

If the South and North were to plunge into a civil war, it would certainly be creating new opportunities for our eastern neighbours. The renewal of strained relations between China and Japan in North China and the fresh incidents, which have occurred at Fengtai and Tientsin, have all been attributed to Japanese realisation of "favourable developments" in the South. The Central Press recently published an important news saying that Japan has presented the following demands to Nanking, namely:

(1) That China formally recognise Manchukuo.

(2) That North China-Shantung, Shansi, Honan, Suiyuan, Hopei and Chahar-be formed as a Special District with the following rights given to Japan.

(a) The appointment and dismissal of officials;
(b) The development of public utilities;
(c) The training of the troops and police of the special district.

(3) That the coastal provinces-Fukien, Chekiang, Kwangtung, Kwangsi, Anhwei, Hunan and Hupeh be formed as a pro-Japanese District, the authorities of which must adopt the pro-Japanese policy.

(4) That Kansu, Sinkiang, Chinghai etc. employ Japan's help to suppress the Communists.

(5) That the Kuomintang adopt the pro-Japanese Policy.

(6) That Yunnan, Kweichow, Szechuen should recognise the special position of Japan in China.

(7) That Kiangwan-Wusung, Shanghai, be turned into a new Japanese Congression.

(8) That China employ a Japanese fleet to guard her coast.

Once the first shot is fired on the Hunan border, the Japanese will push their troops from Manchukuo to Shensi and Chahar under the pretext of protecting Japanese nationals owing to the probable recrudescence of Communist activities in those areas after the withdrawal of Nanking troops to the south.

A sensational report was sent to a Southwest leader the other day from Shanghai to the effect that one of the latest instructions which the new Japanese Ambassador to China, (Mr. Shigeru Kawagoe) had received from Tokyo was to promote a civil war in China at any cost. A civil war would greatly facilitate the Japanese encroachment in North and South China.

This secret report from Shanghai said that Japanese intended to occupy Swatow once hostilities break out between the North and South. This is one reason why more Cantonese troops have been sent to the Swatow-Chaochow area to watch the Japanese designs. Another danger lies within Fukien, where for some months pro-Japanese autonomists have been conspiring the overthrow of the Nanking political regime at Foochow and to make Fukien part of Formosa. Fukien being the immediate north-eastern neighbour of Kwangtung, it follows therefore that the present is the best time for the closest co-operation between these two coastal provinces of China in order to ward off a foreign menace.

Hongkong, July 13, 1936.

Dr. Hu Shih Sails for the United States to Attend Institute of Pacific Relations

Following a brief stop-over at Nanking July 10, Dr. Hu Shih, Chairman of the Institute of Pacific Relations, arrived in Shanghai July 11 enroute to America to attend the forthcoming conference of the Institute this summer. He sailed from here July 14, accompanied by Dr. Kan Lee, senior member of the National Tariff Commission, Fred. S. Sze, manager of the Shanghai Branch of the Joint Savings Society, and L. S. Hsu, Professor of Yenching University.

Interviewed by local press representatives shortly after his arrival, Dr. Hu said that a number of reports and articles on economic problems of China have been written by Chinese economists and political scientists to be submitted to the conference, which will be devoted to the discussion of the present economic situation in the Far East.

He denied that the purpose of the conference, as stated in the Japanese press, was to readjust the economic demands of Japan in China.

Messrs. Hsu Sing-loh, general manager of the National Commercial Bank, and Y. M. Chien, Assistant General Manager of the Head Office of the Joint Savings Society, jointly give a large reception on Sunday evening for Dr. Hu and other delegates at the Park Hotel.